



Inland Revenue
Te Tari Taake

IR 3G
April 2012

Individual income tax return guide 2012

**Please read page 5 to see if you need to file this return.
Complete and send us your IR 3 return by 7 July 2012,
unless you have an extension of time to file.**

The information in this guide is based on current tax laws at
the time of printing.



www.ird.govt.nz

Go to our website for information, services and tools.

- **Secure online services** – login to check your account information, file an employer schedule, confirm personal tax summaries and update your family details and income.
- **Get it done online** – complete and send us forms and returns, make payments, make an appointment to see us and give us feedback.
- **Work it out** – use our calculators, worksheets and tools to help you manage your tax business like checking your tax code, or your filing and payment dates.
- **Forms and guides** – download our guides, and print forms to post to us.

You can also check out our newsletters and bulletins, and have your say on items for public consultation.

How to get our forms and guides

You can view copies of all our forms and guides by going to **www.ird.govt.nz** and selecting “Forms and guides”. You can also request copies by calling 0800 257 773.

Nominate someone to act on your behalf

Normally, we can't discuss your Inland Revenue records with anyone except you. But if you want someone else to have access to your information and act on your behalf, go to **www.ird.govt.nz** (keyword: nominate), or call us on 0800 227 774. Remember to have your IRD number with you when you call.

You'll still have overall responsibility for meeting your obligations, including filing returns and making payments by the due date.

How to contact us

See page 63 for a list of phone numbers.

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Do you need to file an IR 3 return?

If we've sent you an IR 3 return pack, you must complete the return and send it to us by 7 July 2012, unless you have an extension of time. If you don't need to file a return but you'd like to talk to someone about your tax situation, you can call us.

If you received any other income apart from salary, wages, interest, dividends (see further information below), and/or taxable Māori authority distributions, you must file an IR 3 return. There are some exceptions. If you received personal service rehabilitation payments and are an ACC client or caregiver (who received payments from the client or ACC), please read page 56.

Note

If you had a workplace injury your employer may manage these payments instead of ACC. If you or your caregiver receives these payments, regardless of who makes them, you'll need to read the information on page 56.

Other income includes:

- self-employed income
- over \$200 of schedular payments
- income derived overseas
- over \$200 in total of:
 - interest derived overseas (if it's had tax deducted or not)
 - dividends of certain Australian resident listed companies and other overseas investments that are not treated as part of foreign investment funds (FIF) income—see page 21
 - income attributed to you from your portfolio investment entity (PIE) where the income had the 0% rate applied or where you had tax calculated by your PIE at a rate lower than your correct prescribed investor rate (PIR) during the year. If you receive dividends from a PIE that is a listed company and doesn't use your PIR, you may choose whether to include the dividends in your return. Note the dividends will need to be included for Working for Families Tax Credits (WfFTC) purposes.
- FIF income
- rental income
- estate, trust or partnership income
- royalties

- cash jobs or payments “under the table”
- income from illegal enterprises
- income without PAYE deducted, such as shareholder-employee salary or a claim received under a taxable loss of earnings policy.

You’ll also need to file an IR 3 if you:

- have losses to claim or brought forward from the previous year
- have excess imputation credits brought forward from the previous year
- left or arrived in New Zealand part-way through the year
- are filing a return for a deceased person to the date of death if there is a requirement to file a return for this income year
- were declared bankrupt and required to receive a PTS or file a return
- changed your balance date part-way through the year.

If you have to file a return but we haven’t sent you an IR 3, you must request and file a return by 7 July 2012, unless you have an extension of time.

Please call 0800 257 773 to request an IR 3 return. Remember to have your IRD number with you.

Note

To help you work out if you need to file an IR 3, go to www.ird.govt.nz and complete the questionnaire “*Do you need to file an IR 3 return or receive a personal tax summary for 2012?*” or call us on 0800 377 774.

Extension of time

If circumstances beyond your control will prevent you from sending in your return on time, call us on 0800 377 774 and we may grant you an extension. If you have a tax agent you may have until 31 March 2013 to file the return. Contact your agent for more information.

Are there any penalties?

You may face penalties and prosecution if you:

- are required to put in a return but don’t
- give false or misleading information (including not showing all your income)
- leave out details on purpose so the information is misleading
- file your return late.

Income year

The information in this guide is based on the tax year from 1 April 2011 to 31 March 2012. If your income year is different you can still use this guide, but work out your income and expenses for your income year.

Using this guide

Did you know you can also file your return online? Go to www.ird.govt.nz and select “Get it done online”.

Before you start filling in the return make sure you have:

- your summary of earnings, if you received income from salary or wages, or schedular payments – see pages 10 and 14
- any interest or dividend statements
- any taxable Māori authority distribution statements
- any other income details, such as overseas, rental property, farming or business income
- your 2012 Working for Families Tax Credits (WfFTC) letter, if you applied for WfFTC from Inland Revenue.

The questions in this guide are in the same order as the questions on the return.

Don't use anyone else's preprinted return because it's precoded with their own IRD number.

Questions 1 to 5 Personal information

This information helps us to contact you. Please make sure we have your details exactly right. If you've changed your name or address, please update the information in the spaces provided on the return.

Postal address

If you use your agent's postal address leave this panel blank. Your tax agent will let us know if they've changed their address.

If your address is a PO Box number, please show your box lobby if you have one. If you're unsure of your box lobby, please contact New Zealand Post.

Date of birth

We ask for this so we don't mix up people with the same name.

Question 6 Business industry classification (BIC) code

We're required to supply the Accident Compensation Corporation (ACC) with a code for your business or trading activity, for levy classification and calculation.

If your BIC code isn't preprinted on the return or is different from the preprinted one, please enter the correct code.

To work out your main business or trading activity and its code, go to www.businessdescription.co.nz

It's important that you choose the code which most accurately reflects your main business or trading activity. If you're unable to identify the correct code, call ACC on 0508 426 837 for more help.

Note

Please provide the **code only**. Don't provide a description.

Question 8 Bank account number

If your correct account number isn't preprinted, write your account number in Box 8. If your suffix has only two digits, enter them in the first two squares of the suffix box.

If there's no bank account shown at Question 8 we'll issue any refund by cheque.

Refund by cheque

If a bank account number is shown but you want to receive any refund by cheque, you must tick Box 37L on your return.

Question 9 Working for Families Tax Credits

Working for Families Tax Credits (WfFTC) provides financial support for low and middle income families.

Do you qualify for WfFTC?

Go to www.ird.govt.nz/wff-tax-credits/ to check if you qualify or call us on 0800 257 777.

What do I need to do to receive my entitlement?

If you haven't already registered for WfFTC and you qualify, either go to our website www.ird.govt.nz (keywords: working for families) and register online, or complete a *Working for families tax credit registration form (FS 1)* and return it to us.

When we've received the registration form we'll send you a letter with all your family details for you to check. Please correct and return it to us if the details are incorrect.

If you've already registered for WfFTC and you need to file an IR 3, we'll send you a letter by May with all your family details on it. Please check this information and return the form with your IR 3 if the details are incorrect.

Self-employed, rental and PIE income

- If you returned self-employed or rental income and have business adjustments, or if you've returned PIE income for the 2012 income year, you'll need to complete the *Adjusting your income for Working for Families Tax Credits (IR 215)* form.

Note: There are changes to the income details you need to declare for Working for Families Tax Credit purposes—see the form for further information.

- Transfer the figures from your IR 215 to your letter.
- Please check your letter and return it with your IR 3 tax return if you've corrected any information.

Question 10 Non-residents and transitional residents

Non-residents

If you were away from New Zealand for a total of 325 days in any 12-month period and don't have an "enduring relationship" with New Zealand, you may be a non-resident. Read our guide *New Zealand tax residence (IR 292)* to find out your status. If you weren't present in New Zealand and are a non-resident for a full year, but you received income from New Zealand, you may need to complete an IR 3NR return instead.

Transitional residents

If you became a New Zealand tax resident during the year 1 April 2011 to 31 March 2012 and you've elected not to be treated as a transitional resident, you have to complete an IR 3 declaring your worldwide income from the date you became a New Zealand tax resident.

Transitional residents don't have to declare their foreign-sourced income except for foreign employment income and foreign services income.

If you were a non-resident for part of the year, complete Question 40 on your return.

If your return isn't for a full year, we'll calculate your tax and income-related tax credits and let you know the result—see [www.ird.govt.nz/technical-tax/legislation/2006/2006-81/2006-81-exempt-transitionals/](http://www.ird.govt.nz/technical-tax/legislation/2006/2006-81/2006-81-exempt-transitional/) for further information.

Your income

If you received salary, wages or schedular payments, the information you need to complete Questions 11 and 12 will be on your *Summary of earnings* (SOE) which we'll send you in late May 2012. We send this automatically if we send you an IR 3 return.

Your SOE contains the following information:

- all your employers throughout the year
- your total gross income with tax deducted and ACC earners' levy paid
- any family tax credit paid by Work and Income
- your tax credits for payroll donations you've made through payroll giving.

Question 11 Family tax credit from Work and Income

If you received family tax credit from Work and Income, copy the amount from your SOE to Box 11. Don't include any Working for Families Tax Credits from Inland Revenue in Box 11.

Question 11A Income

Did you receive any of these types of income with tax deducted between 1 April 2011 and 31 March 2012?

- salary or wages
- a student allowance
- any income-tested benefit—unemployment or sickness, transitional retirement, independent youth, domestic purposes, widow's, invalid's or emergency
- accident compensation payments related to earnings
- New Zealand Superannuation (NZ Super) either income-tested or non-income tested, or a veteran's pension
- other pensions, annuities or superannuation (read "Pensions" on page 14)
- shareholder-employee salary.

If you received this type of income with tax deducted, you need to copy the totals from your SOE to Question 11A.

What to show in your return

Copy the total amounts from your SOE to the corresponding boxes (11A, 11B, 11C, 11D and 11E) on your return.

Amending your income details

If any of the details on your SOE are incorrect (eg, wrong or missing employers), please make the changes and attach it to page 3 of your return.

Please transfer the amended totals from your SOE to the corresponding boxes on your return and use the worksheet on page 13 to calculate your total tax deducted (11E).

You only need to attach your SOE to page 3 of your return if you've made changes to it.

ACC earners' levy

All employees must pay an ACC earners' levy to cover the cost of non-work related injuries, based on their earnings. We collect this on behalf of the Accident Compensation Corporation (ACC). The maximum amount of earners' levy is \$2,278.04. The earners' levy is set at a rate of 2.04% (2.04 cents in the dollar).

If you need to amend your employment details on your SOE, you'll need to recalculate your earners' levy.

Using employer-provided information

If you received payslips or other earnings information from your employer, you can use this information to complete your return and don't have to wait for your SOE. You don't include schedular payments in this calculation.

You'll need to use your total PAYE deducted in your calculations. This is the amount of PAYE shown on your payslips before any tax credits for payroll donations are deducted.

If you made donations through payroll giving to an organisation that is not on Inland Revenue's approved donee organisations list, you won't be able to keep the tax credits you received and you won't have paid enough PAYE throughout the year. You'll have either received a letter telling you about these extinguished tax credits or they'll show on your summary of earnings. Put the total PAYE, less the amount of your extinguished tax credits, in Box 11A.

If the amount of total PAYE deducted isn't clear from your payslips:

- contact your employer, or
- refer to your SOE for details, or
- refer to "Look at account information" on our website, or
- call us on 0800 227 774.

You'll need to calculate your ACC earners' levy liability and deduct it from your total PAYE, using the worksheet on the next page.

Worksheet for ACC earners' levy

Copy your total taxable earnings from salary and wages to Box 1. Copy the amount to Box 11B of your return.

1 \$

Copy your taxable earnings from salary and wages that are not liable for earners' levy to Box 2. See below for a list of income not liable. Copy this amount to Box 11C of your return.

2 \$

Subtract Box 2 from Box 1. Print the answer in Box 3. If the answer exceeds the maximum liable earnings of \$111,669, print \$111,669 in Box 3.

3 \$

This is your liable income for ACC earners' levy

Multiply Box 3 by 0.0204 (2.04%). Print your answer in Box 4. This is your ACC earners' levy. Copy this amount to Box 11D of your return.

4 \$

Copy your total PAYE from salary and wages to Box 5. Copy this amount to Box 11A of your return.

5 \$

Copy your total ACC earners' levy from Box 4 (above) to Box 6.

6 \$

Subtract Box 6 from Box 5 and print the answer in Box 7.

7 \$

This is your total tax deducted. Copy this amount to Box 11E of your return.

The following income isn't liable for ACC earners' levy

- NZ Super
- income-tested benefits
- non-taxable allowances
- student allowances
- veteran's pension
- living alone payments
- redundancy payments
- retiring allowances
- jury and witness fees
- interest and dividends
- taxable Māori authority distributions
- income from a partnership earned by a non-working partner in that partnership
- pensions from superannuation schemes not registered with the Financial Markets Authority
- overseas pensions
- rents
- estate and trust income
- royalties
- income attributed to you from a portfolio investment entity (PIE).

Pensions

Don't include the following pensions or annuities in your tax return:

- non-taxable pensions or annuities from either life insurance funds or superannuation schemes registered with the Financial Markets Authority (eg, Government Superannuation)
- pensions that are completely tax-free, such as war pensions (other than a veteran's pension).

Any overseas social security pension you receive is taxable. Include it at Question 17 (see the notes on page 20).

If you receive a United Kingdom national retirement pension and have joined the special banking option operated by Work and Income, include the income and tax deducted at Question 11A.

For more information about overseas pensions read page 20.

Question 12 Schedular payments

Schedular payments are generally payments made to people who are not employees but are employed on a contract basis. All ACC personal service rehabilitation payments which are paid by ACC or your employer are classified as schedular payments. Different tax rates apply to schedular payments, depending on the work done. A full list is available in the PAYE tables (IR 340 and IR 341) and on the back of the *Tax code declaration* (IR 330).

People who receive schedular payments will receive a *Summary of earnings* (SOE) detailing their schedular payments received and the tax deducted. If your SOE shows total schedular income over \$200, you must file an IR 3 return. You can claim expenses against this income at Question 27.

ACC personal service rehabilitation payments

If you are an ACC client or caregiver and received ACC personal service rehabilitation payments, please read the information on page 56 before you complete Question 12.

What to show on your return

Copy the total tax deducted (Box 12A) and gross payments (Box 12B) from your SOE to the same box numbers of your return. If you're an ACC client or caregiver and received ACC personal service rehabilitation payments, please read the information on page 56 before you complete Question 12.

Note

If you're registered for GST, your gross schedular payment may include GST. Enter the GST-exclusive amount at Question 12B.

Shareholder-employee salary

If you received a shareholder-employee salary with no PAYE deducted, show the amount at Question 21.

ACC levies

You'll have to pay ACC levies on schedular payments. ACC will invoice you for these.

Question 13 New Zealand interest

Did you receive any New Zealand interest between 1 April 2011 to 31 March 2012 from:

- banks
- Inland Revenue
- building and investment societies
- credit unions
- securities
- a partnership, look-through company, estate or trust
- loans you've made?

If so, show all the New Zealand interest you received at Question 13B. If the interest is from a partnership, look-through company, estate or trust please tick 13C.

If you were charged commission on any of your interest, claim this at Question 27. Read the note about expenses on page 33.

Interest on broken term deposits

If you've broken a term deposit during the year, you may have "negative interest" to account for. This is interest you've repaid on the term deposit. It may reduce the amount of interest you need to declare on your tax return.

If you broke the term deposit in full, use the worksheet below to deduct the negative interest from the gross interest amount shown on your *Deduction certificate for RWT on interest (IR 15)* or equivalent statement. In all other cases, the negative interest is deductible in a later tax return when the term deposit matures.

Worksheet

Copy your gross interest from your IR 15 to Box 1.

1 \$.

Print any negative interest you've paid in Box 2.

2 \$.

Subtract Box 2 from Box 1 and print the answer in Box 3. Include this in the amount shown at Question 13B.

3 \$.

RWT

During the year, RWT will have been deducted from some or all of your interest and you can claim a credit for this.

The interest payer will usually send you an IR 15 or similar statement which shows the gross interest paid and the amount of RWT deducted.

Add up the amounts from each statement or certificate and print the totals in Boxes 13A and 13B.

Don't send us your statements or IR 15s, but keep them in case we need to see them later.

Interest of \$50 or less

If the interest you received for the year is \$50 or less, you may not receive a certificate or statement, but you still need to show the gross interest and RWT. Get the details from your bank statements.

Interest on joint accounts

If you hold a joint account, you must show your share of the interest in your tax return.

Interest from overseas

If you received interest from overseas, convert your overseas interest and tax credits to New Zealand dollars and show it at Question 17. Please read the notes about overseas income on page 20.

Farm vendor mortgage or finance bonds

If you received interest from a farm vendor mortgage or farm vendor finance bonds approved by the Rural Banking and Finance Corporation of New Zealand, only half of the interest is taxable. Show the RWT deducted and the taxable amount of interest in Boxes 13A and 13B.

Income from financial arrangements

If you are a party to a financial arrangement, such as government stock, local authority stock, mortgage bonds, futures or deferred property settlements, you may have to calculate the income or expenditure from the financial arrangement using a spreading method, rather than on a cash basis. To determine whether a spreading method must be used, see "Financial arrangements" on page 31.

If the financial arrangement matures, is sold, remitted or transferred, a "wash-up" calculation, known as a base price adjustment, must be made.

Any RWT will have to be deducted on a cash basis. Show the RWT deducted and any income from the financial arrangement in Boxes 13A and 13B.

Interest paid by Inland Revenue

If we pay you interest because you overpaid your tax, include the gross interest in Box 13B in the income year you received the interest.

Interest paid by a person

If you paid us interest because you underpaid your tax, include it as a deduction in the return at Question 27 for the income year the interest is paid.

Question 14 New Zealand dividends

Dividends are a part of a company's profits that it passes on to its shareholders. Unit trusts are treated as companies for income tax purposes and unit trust distributions are treated as dividends.

Complete Question 14 if you received any New Zealand dividends between 1 April 2011 and 31 March 2012, including dividends from your local electricity or gas company (but don't include a dividend that's a distribution of the trust's capital and is tax-free). The company or unit trust that paid you the dividend will send you a dividend statement.

Include dividends earned by a partnership or estate, or distributed by a trust.

If you were charged commission on any of your dividends, claim this at Question 27. Read the notes about expenses on page 33.

If you receive dividends from a portfolio investment entity (PIE) that is a listed company and doesn't use your prescribed investor rate, you can decide whether or not to include the dividends in your return.

Credits attached to dividends

A New Zealand company or unit trust may attach several types of credits to dividends.

"Imputation credits" are credits for part of the tax the company has already paid on its profits so the dividends aren't taxed twice.

"Payment for a foreign dividend" are credits for tax the company paid on dividends it received from overseas.

RWT is deducted from your dividend to bring the total credits withheld up to 33% of the gross dividend. If the dividend is from a listed PIE, it should not have RWT deducted.

What to show in your return

Your dividend statements show the amount:

- you received (net dividend)
- of any imputation credit
- of any RWT totals or payment for foreign dividends.

Add all these amounts together to work out your gross dividend.

Add up all the imputation credits, RWT or payment for a foreign dividend and gross dividend totals and transfer them to the relevant boxes at Question 14.

If the dividends are from a partnership, look-through company, estate or trust, please tick 14C.

Don't send us your dividend statements, but keep them in case we ask for them later.

Shares received

If you received shares from a taxable bonus issue, non-cash dividend or employee share plan, include them as income at Question 14.

If a company gave you shares, don't include the value of the free shares in your return, unless you received them from your employer. Any benefit derived from free or discounted shares received from an employer may be taxable income.

Dividends from overseas

Please read the notes about overseas income on page 20.

Question 15 Māori authority distributions

Complete Question 15 if you received taxable Māori authority distributions between 1 April 2011 and 31 March 2012. The Māori authority that paid you the distribution will send you a Māori authority distribution statement.

Credits attached to distributions

The Māori authority may attach a credit to the distribution it makes to members. This credit will be classified as a "Māori authority credit" and includes tax the Māori authority has already paid on its profits.

What to show in your return

Your Māori authority distribution statement shows the amount of:

- the distribution made to you, including which portion is taxable and which portion isn't
- the Māori authority credit.

Transfer these amounts, not including any non-taxable distribution, to the relevant boxes at Question 15.

For more information read our *Māori authorities (IR 487)* guide.

Question 16 Estate or trust income

If you received estate or trust income that relates to the year 1 April 2011 to 31 March 2012, show it at Question 16.

There are three types of estates or trusts:

- complying
- foreign
- non-complying.

Complying trusts are trusts that have been taxed in New Zealand on all their income since the day they started.

Allocations of beneficiary income which the minor beneficiary rule applies to are taxed as trustee income. This means the trust is subject to tax on this income at 33 cents in the dollar, and it's included in the trustee tax calculation in the trust's IR 6 return.

These distributions shouldn't be included in the minor's individual tax return.

All other trusts are non-complying or foreign. Read our guide *Trusts' and estates' income tax rules (IR 288)* for more details.

What to show in your return

Add up the tax paid by the trustee/s and print the total in Box 16A.

Print your share of the estate or complying trust income in Box 16B.

But, if your estate or trust income includes:

- interest with RWT deducted, show this at Question 13 and tick 13C.
- dividends with imputation credits attached, show this at Question 14 and tick 14C.
- overseas income and overseas tax paid, show this at Question 17
- taxable Māori authority distributions, show this at Question 15.

Income from foreign and non-complying trusts

If you're a beneficiary of a foreign or non-complying trust please complete a *Schedule of beneficiary's estate or trust income (IR 307)* form.

Taxable distributions from non-complying trusts

Copy the amount of taxable distributions from the non-complying trust to Box 16C, and attach the IR 307 to the top of page 3 of your return.

We separate taxable distributions from non-complying trusts because they're taxed at a different rate. If you have this type of income, your tax calculation at Question 35 may not be correct. We'll do this calculation for you and send you a notice of assessment.

Question 17 Overseas income

If you received income from, or while you were overseas, between 1 April 2011 and 31 March 2012, show it at Question 17B in New Zealand dollars. This includes payments of portable NZ Super or portable veteran's pensions paid to New Zealand residents travelling overseas. Transitional residents must include any foreign employment or service income at Question 17B.

You can convert all overseas income and tax credits to New Zealand dollars by:

- using the rates tables on our website (keywords: overseas currencies)
- using the mid-month rates from our leaflet *Conversion of overseas income to New Zealand currency* (IR 270)
- contacting the overseas section of a trading bank and asking for the exchange rate for the day you received your overseas income.

Note

Dividends received from overseas companies that are treated as FIFs (except companies covered by the exclusions listed under foreign rights at Question 39) are no longer taxable separately. Generally, you would use the new default FIF income calculation method (the fair dividend rate), which doesn't tax dividends separately.

The foreign tax deducted from the dividend may be claimed as a credit against the tax payable on the calculated FIF income for that company.

Foreign investment fund (FIF) income

If, at any time during the 2012 income year you held rights such as shares, units or an entitlement to benefit in any foreign company, unit trust, superannuation scheme or life insurance policy, you may be required to calculate FIF income or loss. Generally, you'll use the fair dividend rate or comparative value method to calculate FIF income.

The main exclusions from an interest in an FIF are:

- investments in certain Australian resident companies listed on approved indices on the Australian stock exchange, that maintain franking accounts (a list of these companies is available on our website (keyword: IR 871))
- interest in certain Australian unit trusts
 - limited exemptions for interests in:
 - Guinness Peat Group plc (2011–12 income is the final year).
 - certain venture capital interests that move offshore (for 10 income years from the income year in which the company migrates from New Zealand)
- a 10% or greater interest in a controlled foreign company (CFC).

There's also an exemption from the FIF rules where the total cost of all the interest for FIF purposes is below NZ\$50,000.

You'll find further information on the exclusions and the FIF rules at

www.ird.govt.nz/toii/fif

What to show in your return

After you've converted the amounts to New Zealand dollars, add up the available amounts of overseas tax paid and print the total in Box 17A. Add up the gross amounts of overseas income (before tax was deducted) and print the total in Box 17B.

Staple proof of any overseas tax paid to the top of page 3 of your return.

If a branch equivalent tax account (BETA) was maintained, complete a *Branch equivalent tax account return (IR 308)* and attach it to your IR 3 return.

Tax paid overseas

If you paid tax overseas you can claim it as a credit against your tax. The amount of credit you receive is the lesser of the actual amount of tax paid on the overseas income or the amount of tax you would pay in New Zealand on the income.

Also, if you receive a dividend that isn't taxed separately under the FIF rules, you can offset most overseas tax credit paid on the dividend against your tax payable.

Claiming overseas tax paid on overseas dividends FIF income

You can claim the tax paid up to the amount of New Zealand income tax payable on the FIF income associated with the attributing interest that has paid the dividend. If you used the fair dividend rate (FDR) method you can use the overseas tax paid to reduce the tax payable on the FDR income associated with that attributing interest. Please note that Australian franking credits and tax on dividends from the United Kingdom cannot be claimed as overseas tax paid.

Where there is no FIF income or an FIF loss

Tax paid overseas can only be used to cover your liability for income tax payable on your FIF income. If there is no New Zealand income tax payable on your FIF investment, no claim can be made for the overseas tax paid on any dividends received from that FIF.

You cannot get a refund of overseas tax paid, or reduce tax payable on any other income.

For more information read *A guide to foreign investment funds and the fair dividend rate (IR 461)*.

Unused overseas tax credits

Generally, these are forfeited (lost).

Carrying forward any excess or unused overseas tax credits?

You can't carry forward unused overseas credits where you have used the FDR, comparative value (CV), deemed rate of return or cost methods to calculate FIF income or loss.

New Zealand tax credits (imputation or RWT) deducted from overseas dividends

You can claim New Zealand tax credits on overseas dividends as follows:

- If the credits are RWT, they are used to offset tax payable with any excess refundable.
- If they're imputation credits, they are used to reduce tax payable with any excess carried forward to the next year.

The full amount of these New Zealand tax credits can be entered in the return even where the FIF income is reduced to zero or there is an FIF loss.

These credits will only be attached to Australian company or unit trust dividends.

If you've shown a tax credit and there is no income in the associated panel, you'll need to include a note in your return setting out the details.

Temporary tax exemption from foreign income

If you're currently claiming the four-year temporary tax (transitional resident) exemption for certain types of foreign-sourced income, you don't need to declare this income in Box 17B, unless it's foreign employment or services income. When your tax exemption expires, you must include all your worldwide income when you file your income tax return.

Go to www.ird.govt.nz for further information about the temporary tax exemption qualifying criteria and types of exempt foreign-sourced income.

Australian dividends from non-FIF companies

If you received Australian dividends, your dividend statements may show all or some of the following:

- the franked/unfranked amount
- Australian withholding tax
- imputed credit or franking credits
- New Zealand imputation credits.

Add up the amounts of Australian withholding tax deducted and print the total in Box 17A. Dividends paid by Australian companies may have a New Zealand imputation credit.

To calculate the gross dividend, add together the franked and unfranked amounts, along with the New Zealand imputation credits and print the total in Box 17B. Don't include any Australian imputed or franking credits. Claim New Zealand imputation credits in Box 14.

Overseas pensions

If you received an overseas social security pension, convert the amount into New Zealand dollars. Print the total in Box 17B.

For more information read our guide *Overseas social security pensions (IR 258)*.

You may also have received other types of overseas pensions, such as qualifying foreign private annuities or foreign investment funds. For more information, please read the note about foreign rights disclosure on page 52, and our guide *Overseas private pensions (IR 257)*.

To claim an overseas tax credit you must supply proof of the tax deducted, eg, an overseas tax deduction certificate. If you need one, you'll have to request it from the overseas government agency concerned. Staple a copy of the certificate to the top of page 3 of your return.

Specific dividends

If you received dividends that are treated as interest or that are from an overseas company through an agent or trustee, who has deducted RWT in New Zealand, show the tax credits and overseas income in Boxes 17A and 17B. Show New Zealand RWT deducted in Box 14A.

Staple a copy of the dividend statement to the top of page 3 of your return.

Note

If you've shown a tax credit and there is no income in the associated panel, you'll need to include a note in your return setting out the details.

Investments in portfolio investment entities (PIEs)

Certain PIEs attribute the net income/loss and tax credits they derive across their investors. Individual investors generally **don't** include the attributed income or loss in their tax return. You can only claim a loss when it has the zero rate applied. In all other cases you cannot claim a loss from your PIE.

Each year, the PIE is required to provide an investor statement, setting out the details of the income/loss and the tax it has paid on the income it has attributed to you.

Where your PIE has calculated the tax using a prescribed investor rate lower than your correct rate or you have exited a PIE that doesn't calculate tax when an investor exits, you may need to include the income in your return to pay the tax.

Where you're required to include attributed PIE income in your return, show the income and tax paid/credit where the rate lower than your correct rate has been applied. Include any tax credits shown on your PIE's investor statement where you've exited from a PIE that zero-rates exiting investors. You can show the net income or loss (after adjusting for the investor level fees) in Question 17B and the general tax credits shown at 17A. Where any specified tax credits (eg, RWT) are shown, include these in the appropriate question on the return.

If you're claiming Working for Families Tax Credits (WfFTC) you may now have to declare PIE income on *Adjusting your income for Working for Families Tax Credits (IR 215)* form.

Question 18 Partnership income

Show your share of income from the partnership's trade or business from 1 April 2011 to 31 March 2012 in Box 18B, unless it includes:

- interest and any RWT—show this at Question 13 and tick 13C
- dividends and any credits—show this at Question 14 and tick 14C
- overseas income and overseas tax paid—show this at Question 17
- rental income—show this at Question 22
- other income and, if your share of this income:
 - is received in recognition of your capital investment in the partnership and you didn't take any active part in the day-to-day operation or management of the business (eg, you were a sleeping partner), or
 - is generated from other investment activity (eg, sale of shares), show this at Question 24.

Partnership income earned as a result of "active" involvement is liable for ACC levies, which will be invoiced by ACC.

Losses from limited partnerships

If you're claiming a loss from a limited partnership and you need help working out the amount you can claim, go to www.ird.govt.nz

Expenses

You may be able to claim expenses against your share of the partnership income that wasn't claimed in the partnership's IR 7 return, eg, interest on capital borrowed to purchase a share in the partnership. Claim these expenses at Question 27.

Question 19 Look-through company (LTC) income

If you received any tax credits and/or income from an LTC, write the details at Question 19.

Don't include:

- interest and RWT—include these at Question 13 and tick 13C
- any imputation credits, dividend RWT and gross dividends—include these at Question 14 and tick 14C
- Maori authority distributions and credits—include these at Question 15
- any overseas income—include this at Question 17, along with qualifying tax credits attached

- rental income—show this at Question 22
- losses attributed from an LAQC—show these at Question 25.

Show all other tax credits received from the LTC in Box 19A. Show LTC income not already included elsewhere in Box 19B.

Deductions (expenses) against LTC income are limited if the owner (shareholder) doesn't have sufficient owner's basis (equity) in the company.

Note

Calculations regarding this may be made by the company and this information should be passed onto all owners. If your deductions have been limited you should have been advised of the amount of non-allowable deductions. Show this amount in Box 19C.

Add this amount to that in Box 19B and show the results in 19D. This will be the amount that is then included in your taxable income.

You can find more information about LTCs in the *Look-through companies (IR 879)* guide.

Question 21 Shareholder-employee salary

If, as a shareholder-employee, you received a salary between 1 April 2011 and 31 March 2012 with PAYE deducted, include the amount in Box 11A.

If your shareholder-employee's salary or director's fees had no PAYE deducted, include the amount in Box 21. If you would normally receive a shareholder-employee salary (even if you didn't receive one this year), please tick 21A.

The company that paid your salary or fees will be able to tell you exactly how much to show in your return.

ACC earners' levy

Shareholder-employee remuneration or director's fees without PAYE deducted are liable for ACC earners' levy. The company should deduct earners' levy from your remuneration or director's fees when declared. ACC will invoice the company for this.

Question 22 Rents

Show income you received from rents between 1 April 2011 and 31 March 2012 at Question 22.

Prepare a summary of the details for each rental property. You can use either:

- the *Rental income (IR 3R)* form, which asks for all the information we need, or
- your own summary.

You'll no longer receive an IR 3R form in your taxpack if you showed rental income in your 2011 tax return. If you need an IR 3R form, you can print a copy off our website **www.ird.govt.nz**.

If you prepare your own summary, please refer to the IR 3R form or our guide *Rental income (IR 264)* to see what to include.

What to show in your return

Add up the net rents (total rents after expenses) and print the total in Box 22. Attach the IR 3R, or your summary, to the top of page 3 of your return.

Keep your receipts with your records in case we ask to see them later.

Question 23 Self-employed income

If you received self-employed income between 1 April 2011 and 31 March 2012, show it at Question 23.

Schedular payment income

Don't show any schedular payment income at Question 23. This income is declared at Question 12. If you're an ACC client or caregiver and received ACC personal service rehabilitation payments, please read the information on page 56 before you complete Question 12.

You can claim expenses and deductions against many schedular payments at Question 27—see page 33.

Attribution rules

The attribution rule may apply where an individual provides services to an associated person (company, trust, partnership).

In particular, it can apply where the associated person sells those services on, principally to a third party.

To find out how to apply this rule, please read *Tax Information Bulletin (TIB)* Vol 12, No 12 (December 2000) and Vol 13, No 11 (November 2001).

Prepare a summary of details

You can use any of the following:

- your financial records
- the *Farming income (IR 3F)* form for agricultural businesses
- the *Business income (IR 3B)* form for other businesses
- the *Accounts information (IR 10)* form.

Staple one of the above forms to page 3 of your return and print your profit (net income) in Box 23.

The IR 10 is a statistics form that sets out a general summary of information from the financial accounts. Using an IR 10 speeds up the processing of your return. If you complete an IR 10 you don't need to send your financial accounts as well. However, you still need to complete them and keep them in case we ask for them later.

Keep your receipts with your records in case we ask to see them too.

Providing childcare services in a home

Based on the Education (Home-Based Care) Order 1992 and/or the Licensing Criteria for Home-Based Education and Care Services 2008, Inland Revenue's *Determination DET 09/02: Standard-Cost Household Service for Childcare Providers*, sets out the types of expenditure generally incurred (standard cost) by individuals providing childcare services in their home.

But, if you're a childcare provider who's registered for GST, this determination doesn't apply to you.

Individuals providing childcare services in their homes may use the standard costs (set out in the determination) or their actual costs and income for calculating their tax. If your childcare activities began part-way through the year, calculate your tax from that date using either the standard costs or actual costs.

See our *Tax Information Bulletin (TIB)* Vol 17, No 4 (May 2005) for details.

Show your childcare income at Question 23 if:

- the determination applies to you, and your childcare taxable income is greater than nil, after standard costs have been deducted
- you keep full records of your childcare income and actual expenses, and you make a taxable profit or loss after expenses have been deducted.

If you need help deciding whether you need to declare childcare income using standard costs, please call us.

Note

You can't offset any loss calculated using standard costs (see the determination) against other income in any income year.

Childcare services not under the Education (Home-Based Care) Order 1992

These childcare providers can't use the determination. They must keep full records of actual income and expenses and are liable for tax on their total income after actual expenses are deducted for childcare services provided.

At Question 23 show any childcare taxable income or loss after expenses have been deducted.

ACC levies

Income from self-employment is liable for ACC levies which ACC will invoice you for.

Question 24 Other income

If you received any other income between 1 April 2011 and 31 March 2012, show it at Question 24. This may include:

- the sale of land and/or buildings
- the sale of non-FIF shares or other property
- financial arrangements
- cash jobs, payments made "under the table", tips, bartering or income from an illegal enterprise
- any share of partnership income as a result of capital investment.

If you're not sure if your income is taxable, please call us.

Income from the sale of land and/or buildings

The profits are taxable if you bought a property for the purpose of reselling it or are in the business of buying and selling land and/or buildings.

The profits may be taxable if you:

- are a builder and improved a property before selling it
- developed or subdivided land and sold sections
- had a change of zoning on your property and sold it within ten years of buying it.

Show the total profit in Box 24. Put the details of your income and expenses from these sales and staple it to the top of page 3 of your return.

Income from the sale of non-FIF shares or other property

The profits are taxable if you bought:

- and sold shares or other property as a business
- shares or other property for the purpose of resale
- shares or property to make a profit.

This doesn't apply to shares that are FIFs. Print the total profit in Box 24. Staple the details of your income and expenses from these sales to the top of page 3 of your return.

Sale or disposal of assets

If you sold or disposed of a depreciated asset for more than its adjusted tax value, call us or read our guides *Depreciation (IR 260)*, *General depreciation rates (IR 265)* or *Historic depreciation rates (IR 267)*.

Losses from the sale of land, buildings, shares or other property

If you made a loss and can show that if you'd made a profit, it would have been taxable, you may be able to claim the loss as a deduction.

Show the total in Box 24. Staple the details of your income and expenses from these sales to the top of page 3 of your return.

Financial arrangements

If you're a party to a financial arrangement, you must account for income from those arrangements on an accrual basis. Financial arrangements include government stock, futures contracts and deferred property settlements, excluding short-term agreements for sale and purchase of property.

A cash basis person doesn't need to use the accrual method to calculate income. You qualify as a cash-basis person if:

- on every day in the income year the absolute value of all financial arrangements added together is \$1,000,000 or less, or
- the absolute value of your income and expenditure in the income year under all financial arrangements is \$100,000 or less, and
- the deferral of income or acceleration of expenditure using the cash method rather than the accrual method is \$40,000 or less.

If you held the financial arrangement prior to 20 May 1999 the amounts above may be reduced to \$600,000, \$70,000 and \$20,000 respectively.

Please note the “absolute value” is the value of an amount whether it’s positive or negative.

Sale or maturity of financial arrangements

Whether or not the exemption from the spreading method applies, you must do a “wash-up” calculation in certain circumstances. For example:

- a financial arrangement matures, is sold, remitted or transferred
- there is an absolute assignment of the financial arrangement
- a party to a financial arrangement is released from making all remaining payments under the Insolvency Act 1967, the Companies Act 1993 or the laws of a country or territory other than New Zealand
- you cease to be a resident of New Zealand
- the calculation ensures that the total gains or losses from the financial arrangement are brought to account. This applies in every case—you don’t have to be in the business of buying or selling financial arrangements, or have bought them for the purpose of resale, as you would with shares.

When calculating the income or expenditure on sale, use our *Sale or disposal of financial arrangements (IR 3K)* form.

Income from cash jobs, tips, “under the table” payments, bartering or an illegal enterprise

If you received any other type of income that didn’t have tax deducted from it, show it in Box 24.

Staple the details of your income and any expenses to the top of page 3 of your return.

Share of partnership income as a result of capital investment

If your share of partnership income is received in recognition of your capital investment in the partnership and you didn’t take any active part in the day-to-day operation or management of the business (ie, you were a sleeping partner), show your share of partnership income in Box 24.

Question 25 Loss from a loss attributing qualifying company (LAQC)

From the beginning of the income year starting on or after 1 April 2011, LAQCs can no longer attribute losses to their shareholders. This means, only LAQCs with early balance dates (prior to 31 March) will be able to attribute losses for the 2012 income year.

If you're a shareholder in an LAQC that made a net loss, claim your share of any net loss the company incurred between 1 April 2011 and 31 March 2012 in Box 25.

If the attributed loss included a loss from a CFC or an FIF and you need help with this question, please call us.

Note

Changes to the CFC rules mean that a qualifying company will lose its status if it holds interests in a CFC or a direct income interest of 10% or more in an FIF.

Question 27 Expenses and deductions

If you paid any of these expenses, between 1 April 2011 and 31 March 2012, you can claim them in Box 27.

- a fee to someone for completing your tax return
- commission on interest or dividend income (but not bank fees—they're a private expense)
- expenses incurred in earning income that's had tax from schedular payments deducted
- additional expenses incurred in earning partnership income, eg, interest on capital borrowed to purchase a share in the partnership
- interest on money you borrowed to buy shares or to invest—as long as the investment will produce some taxable income
- premiums on loss of earnings insurance (income protection), provided the benefit from the insurance policy is taxable.
- Interest paid to Inland Revenue for late payment of tax, only if the interest is not already included as a deduction in your accounts.
- If you are entitled to a deduction for losses extinguished from a transitioned QC/LAQC, include it at Question 27.

ACC personal service rehabilitation payments

If you're an ACC client and received ACC personal service rehabilitation payments and have retained some of these, you may claim the payments you've made to your caregiver as a deduction at Question 27. Read the information on page 61 before you complete Question 27.

Other expenses

For other expenses, staple the details to the top of page 3 of your return. Include your name and IRD number.

You can't claim expenses against income from:

- salary and/or wages
- election day services
- casual agricultural work
- commissions, if you're also paid a salary or retainer from the same employer.

You can still claim expenses for having your tax return completed for you and loss of earnings insurance premiums from these income sources.

Note

If you're GST-registered you must deduct any GST included in any gross schedular payment income—see page 14. GST-registered people claim the GST portion of their expenses in their GST return, not the IR 3.

ACC levies

ACC will take into account all expenses shown in Box 27 when calculating any ACC levies due.

Question 29 Net losses brought forward

Where to find your net loss to bring forward

You can find the amount of net loss you have to bring forward on the loss carried forward letter we sent you after your 2011 return acknowledgement or notice of assessment.

What to show in your return

Add up all net losses to be brought forward to 2012 and print the total in Box 29A. Print the amount you can claim this year in Box 29B.

Your tax credits

Tax credits can reduce the tax you have to pay on your income.

Other tax credits

Donations, housekeeper and childcare tax credits are claimed separately on a *Tax credit claim form (IR 526)*. If you claimed these tax credits last year, we'll have sent you a claim form in April.

Question 31 Income under \$9,880 tax credit

If your income at Question 28 (income after expenses) is under \$9,880 you may be able to claim this tax credit. You **can't** claim it if, during the year 1 April 2011 to 31 March 2012:

- you worked less than 20 hours a week every week
- your only income was from an income-tested benefit, not including a sickness benefit
- you or your partner were entitled to Working for Families Tax Credits
- you were under 15 and are claiming the tax credit for children
- you were under 18 and attended school for the whole year (this includes schools for people with disabilities)
- you were a student and your only income for the whole year was a student allowance
- you were a non-resident for tax purposes for the whole year —see definition on page 9
- you didn't have any taxable income during the year.

If **none** of these situations applied to you, claim the income under \$9,880 tax credit for the number of weeks you:

- worked for 20 or more hours a week as a salary or wage earner, a shareholder-employee, a working partner in a partnership or in self-employment, or
- would have done 20 or more hours of paid work but received a benefit for sickness or accident, or accident compensation payments.

If you left school part-way through the year, you can claim either the income under \$9,880 tax credit or the tax credit for children at Question 32, whichever is larger. You can't claim both—see page 37.

Calculating your tax credit for income under \$9,880

Worksheet for income under \$9,880 tax credit

Work out the number of weeks you can claim for. They must be whole weeks of 20 hours or more.

Print the number of weeks you worked 20 hours or more in Box 1.

1

Print the number of weeks, if any, you were on accident compensation in Box 2.

2

Print the number of weeks, if any, you were on a benefit paid for sickness or accident in Box 3.

3

Add Boxes 1, 2 and 3. Print the answer in Box 4. **Copy this number to Box 31A of your return.**

4

Use this panel only if your income after expenses in Box 28 of your return is less than \$6,241

Multiply the number in Box 4 by \$11.76. Print your answer in Box 5. **This is your tax credit. Copy it to Box 31 of your return.**

5

Use this panel only if your income after expenses in Box 28 of your return is between \$6,241 and \$9,880

6

Copy your income after expenses from Box 28 of your return to Box 7.

7

Subtract Box 7 from Box 6. Print the answer in Box 8.

8

Multiply the amount in Box 8 by 0.168 (16.8 cents in the dollar). Print your answer in Box 9.

9

Copy the number of weeks from Box 4 to Box 10.

10

Multiply Box 9 by Box 10. Print the answer in Box 11.

11

Divide Box 11 by 52. Print the answer in Box 12. **This is your tax credit. Copy it to Box 31 of your return.**

12

Question 32 Tax credit for children

If, at any time between 1 April 2011 and 31 March 2012 you:

- were 14 or under
- were 15, 16 or 17 and still attending school, including schools for people with disabilities, but excluding tertiary institutions
- turned 18 on or after 1 January 2011 and continued to attend school, including schools for people with disabilities, but excluding tertiary institutions

you can claim this tax credit if you received income other than interest, dividends or Māori authority distributions.

If you earned less than \$9,880 and left school part-way through the year, you can claim either the tax credit for children or the under \$9,880 tax credit, whichever is larger. **You can't claim both tax credits.**

Use this worksheet to calculate your tax credit for children

Copy your income after expenses from Box 28 of your return to Box 1.

1 \$

Add up the interest, dividends and Māori authority distributions, if any, in Boxes 13B, 14B and 15B of your return. Print your answer in Box 2.

2 \$

Subtract Box 2 from Box 1. Print your answer in Box 3.

3 \$

If the amount in Box 3 is:

– **less than \$2,340**

multiply it by 0.105
(10.5 cents in the dollar).

Print the answer in Box 4 and copy it to Box 32 of your return

– **\$2,340 or more**, your tax credit is \$245.70.

Print \$245.70 in Box 4 and copy it to Box 32 of your return.

4 \$

The **maximum** tax credit you can claim here is \$245.70.

Question 33 Independent earner tax credit (IETC)

You can calculate your IETC:

- on our website at “Work it out”
- by using the worksheets provided in this section
- by calling our 0800 self-service line—see page 63.

IETC

The IETC is a tax credit for individuals whose annual net income* is between \$24,000 and \$48,000. Your annual net income is shown at Box 28 “Income after expenses” in your return.

If you’re eligible for IETC, but earn over \$44,000, your annual entitlement to IETC decreases by 13 cents for every dollar earned above \$44,000.

For the period 1 April 2011 to 31 March 2012, you’ll be entitled to IETC for any months, when:

- you were a New Zealand tax resident
- you or your partner weren’t entitled to Working for Families Tax Credits (or received an overseas equivalent)

and you didn’t receive:

- an income-tested benefit
- NZ Super
- a veteran’s pension
- a foreign pension or benefit, or
- an overseas equivalent of any of the above.

You’re a tax resident if you lived in New Zealand for more than 183 days in the last twelve months, or have an enduring relationship with New Zealand. For more information, read our guide *New Zealand tax residence (IR 292)*.

To work out the months you’re entitled to this tax credit, use the total number of whole months the above criteria applied to.

If you didn’t meet the above criteria for even one day of any month you won’t be entitled to IETC at all for that month, so don’t include it in your calculation.

* Net income means your total income from all sources, less any allowable deductions or current year losses (not including any losses brought forward).

Calculating your IETC

Enter the start and end dates when you had any overseas income that excludes you from being eligible for IETC at Box 33B on your return.

If the income continued past the end of the year please enter the end date for the income as 31/03/2012.

If you have more than one date range for the overseas excluded income please attach a note telling us of the date ranges. You'll also need to include any dates you weren't a New Zealand tax resident.

Tick the boxes below for each month (between 1 April 2011 and 31 March 2012) you were entitled to the IETC for the full month.

A	M	J	J	A	S	O	N	D	J	F	M
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total number of months eligible						Box A <input type="text"/>					
						Add the number from Box A to Box 33C in your return.					

Use this worksheet if your income is between \$24,000 and \$44,000

Number of months eligible for IETC	IETC
1	43.33
2	86.66
3	130.00
4	173.33
5	216.66
6	260.00
7	303.33
8	346.66
9	390.00
10	433.33
11	476.66
12	520.00
In Box B enter the IETC that corresponds with the eligible months at Box A.	Box B \$ <input type="text"/>
	This is your IETC. Copy it to Box 33 on your return.

Use this worksheet if your income is between \$44,000 and \$48,000

Number of months eligible for IETC (from Box A on page 39)	A	<input type="text"/>
Enter your income from Box 28, from your return, in Box B	B	\$ <input type="text"/> : <input type="text"/>
In Box C, enter the amount in Box B less \$44,000	C	\$ <input type="text"/> : <input type="text"/>
Multiply Box C by 0.13 and enter the amount in Box D	D	\$ <input type="text"/> : <input type="text"/>
Subtract Box D from \$520 and put the amount in Box E	E	\$ <input type="text"/> : <input type="text"/>
Multiply Box E by Box A and put the amount in Box F	F	\$ <input type="text"/> : <input type="text"/>
Divide Box F by 12 and enter the amount in Box G	G	\$ <input type="text"/> : <input type="text"/>

This is your IETC. Copy it to Box 33 on your return.

Question 34 Excess imputation credits brought forward

If you had unused imputation credits in your 2011 tax return, they are not refundable and must be brought forward and claimed against this year's tax payable.

Where to find your excess imputation credits to bring forward

You can find the amount on:

- the loss/excess imputation credits carried forward letter we sent you after your 2011 year return acknowledgement or notice of assessment, or
- page 1 of your personal tax summary for 2011 (if you received one).

If you have excess imputation credits to bring forward but didn't receive confirmation of the amount, please call us.

What to show in your return

Print the amount of excess imputation credits to be brought forward to 2012 in Box 34 of your return. Also print this amount in Box 8 of your tax calculation on page 43 in this guide.

Calculating your tax

Tax on taxable income

You can calculate your tax:

- on our website at “Work it out”
- by using the worksheets on the following pages
- by calling us on our 0800 self-service line—see page 63.

If your taxable income is:

Calculate your tax on taxable income on:

\$0.00 to \$14,000

below

\$14,001 to \$48,000

below

\$48,001 to \$70,000

page 42

\$70,001 or more

page 42

Use this worksheet if your taxable income is from \$0 to \$14,000. Your tax rate is 10.5 cents in the dollar.

Copy your taxable income from Box 30 of your return to Box 1.

1 \$:

Multiply Box 1 by 0.105 (10.5 cents in the dollar). Print your answer in Box 2.

2 \$:

This is the tax on your taxable income. Copy it to Box 2 on page 43 in this guide.

Use this worksheet if your taxable income is from \$14,001 to \$48,000. Your tax is \$1,470 plus 17.5 cents for each dollar in this tax bracket.

Copy your taxable income from Box 30 of your return to Box 1.

1 \$:

2 \$:

4 \$:

Subtract Box 2 from Box 1. Print the answer in Box 3.

3 \$:

Multiply Box 3 by 0.175 (17.5 cents in the dollar). Print the answer in Box 5.

5 \$:

Add Box 4 and Box 5. Print the answer in Box 6. **This is the tax on your taxable income. Copy it to Box 2 on page 43 in this guide.**

6 \$:

Use this worksheet if your taxable income is from \$48,001 to \$70,000. Your tax is \$7,420 plus 30 cents for each dollar in this tax bracket.

Copy your taxable income from Box 30 of your return to Box 1.

1 \$.

2 \$ 48,000 .00

4 \$ 7,420 .00

Subtract Box 2 from Box 1. Print the answer in Box 3.

3 \$.00

Multiply Box 3 by 0.30 (30 cents in the dollar). Print the answer in Box 5.

5 \$.

Add Box 4 and Box 5. Print the answer in Box 6. **This is the tax on your taxable income. Copy it to Box 2 on page 43 in this guide.**

6 \$.

Use this worksheet if your taxable income is \$70,001 and over. Your tax is \$14,020 plus 33 cents for each dollar in this tax bracket.

Copy your taxable income from Box 30 of your return to Box 1.

1 \$.

2 \$ 70,000 .00

4 \$ 14,020 .00

Subtract Box 2 from Box 1. Print the answer in Box 3.

3 \$.00

Multiply Box 3 by 0.33 (33 cents in the dollar). Print the answer in Box 5.

5 \$.

Add Box 4 and Box 5. Print the answer in Box 6. **This is the tax on your taxable income. Copy it to Box 2 on page 43 in this guide.**

6 \$.

Question 35 Tax calculation

Use this worksheet to work out the amount of tax to pay or amount to be refunded.

Copy your **taxable income** from Box 30 in your return to Box 1. If the amount is a loss, print "0.00".

1 \$

Work out the tax on **taxable income** from pages 41 and 42 in the guide. Print your answer in Box 2. **Copy this amount to Box 35 of your tax return.**

2 \$

Add up Boxes 31, 32 and 33 from your return. This is your **total tax credit**. Copy this figure to Box 3.

3 \$

Subtract Box 3 from Box 2. Print your answer in Box 4. If Box 3 is larger than Box 2 print "0.00".

4 \$

Copy your **overseas tax paid**, if any, from Box 17A in your return to Box 5.

5 \$

Subtract Box 5 from Box 4. Print your answer in Box 6. If Box 5 is larger than Box 4 print "0.00", then read **overseas tax credits** on page 20 in this guide.

6 \$

Copy your **imputation credits**, if any, from Box 14 in your return to Box 7.

7 \$

Copy your **excess imputation credits brought forward** from Box 34 in your return to Box 8.

8 \$

Add up your **total imputation credits** from Boxes 7 and 8, and print the total in Box 9.

9 \$

Subtract Box 9 from Box 6. Print the answer in Box 10. If Box 9 is larger than Box 6 print "0.00", then read **excess imputation credits** carried forward on page 40.

10 \$

Copy your **tax credit subtotal** from Box 20A in your return to Box 11.

11 \$

Subtract Box 11 from Box 10. Print your answer in Box 12.

12 \$

If Box 11 is larger than Box 10, the result is a credit.

If Box 10 is larger than Box 11, the result is a debit. (Tick one)

Credit

Debit

Box 12 is your residual income tax.

Copy this amount to Box 35A of your tax return.

Print any 2012 provisional tax paid in Box 13.

13 \$

If Box 12 is a credit, add Box 13. Print the answer in Box 14. This is your refund.

14 \$

If Box 12 is a debit, subtract Box 13 from Box 12. Print your answer in Box 14. This is your tax to pay. (If Box 13 is larger than Box 12 the difference is your refund.)

(Tick one)

Refund

Tax to pay

Please copy the answer in Box 14 above to Box 35B of your tax return.

Excess imputation credits carried forward

Imputation credits are treated differently from RWT. If you received dividends from a New Zealand company that gave you imputation credits or an Australian company that gave you New Zealand imputation credits, you may have excess imputation credits to carry forward. This will only happen if your total imputation credits (including any excess imputation credits brought forward from 2011) are greater than your total tax payable.

Use the worksheet below to work out the excess imputation credits that must be carried forward to your 2013 tax return. We'll send you a letter confirming the amount.

Worksheet

Copy your total imputation credits from Box 9 of your tax calculation on page 43 in this guide to Box 1.

1	\$	<input type="text"/>	.	<input type="text"/>
----------	----	----------------------	---	----------------------

Copy your total tax payable from Box 6 of your tax calculation on page 43 in this guide to Box 2.

2	\$	<input type="text"/>	.	<input type="text"/>
----------	----	----------------------	---	----------------------

Subtract Box 2 from Box 1. Print your answer in Box 3. **This is your excess imputation credits amount to carry forward to 2013.**

3	\$	<input type="text"/>	.	<input type="text"/>
----------	----	----------------------	---	----------------------

Student loan

We'll work out how much of your student loan you need to repay, based on your income. We'll send you a repayment calculation notice showing how much is due. If you want to calculate the amount yourself, either use the worksheet provided here or go to "Work it out" on our website.

If you made extra payments during the tax year, totalling \$500 or more, you'll be eligible for a 10% voluntary repayment bonus if:

- you're up-to-date with all your repayment obligations, and
- your loan balance with Inland Revenue was \$550 or more at the beginning of the tax year.

We'll calculate your voluntary repayment bonus and send you a statement when we've processed your IR 3 return.

As when making any financial decisions, you're advised to seek appropriate financial advice before taking advantage of the voluntary repayment bonus.

Go to www.ird.govt.nz/sl/bonus/ for more information.

Interest-free student loan

If you've lived in New Zealand for six months (183 days) or more, your student loan is interest-free. Interest will be charged and then written off on a daily basis.

Even if you haven't been in New Zealand for six months, you may qualify for an interest-free student loan if you meet the criteria for an exemption. Go to our website www.ird.govt.nz for more details.

Use this worksheet to calculate your 2012 repayment.

Copy the amount from Box 28 of your return to Box 1.

1	\$:00
----------	----	--	-----

Repayment threshold.

2	\$	19,084	:00
----------	----	--------	-----

Subtract Box 2 from Box 1.
Print the answer in Box 3. If Box 2 is larger than Box 1 print "0.00" in Box 3.
This is your **income over the threshold**.

3	\$:00
----------	----	--	-----

Multiply the amount in Box 3 by 0.10 (10%).
Print the answer in Box 4.

4	\$:
----------	----	--	---

This is your **annual repayment obligation for the 2012 tax year**.

Copy any student loan repayment deductions from your summary of earnings to Box 5.

5	\$:
----------	----	--	---

Subtract Box 5 from Box 4.
Print the answer in Box 6.

6	\$:
----------	----	--	---

If Box 5 is larger than Box 4, the difference is a credit.

If Box 4 is larger than Box 5, the difference is a debit.

(Tick one) Credit
 Debit

This is your **residual repayment obligation**.

Print any 2012 **voluntary repayments** made to Inland Revenue here.

6A	\$:
-----------	----	--	---

Print any 2012 **interim repayments** made to Inland Revenue here.

6B	\$:
-----------	----	--	---

Add Boxes 6A and 6B together and print your answer in Box 7.

7	\$:
----------	----	--	---

If Box 6 is a debit, subtract Box 7 from Box 6 and print your answer in Box 8.

8	\$:
----------	----	--	---

If Box 7 is less than Box 6, the difference is your end-of-year loan repayment.

If Box 7 is larger than Box 6, the difference is your 2012 end-of-year overpayment.

(Tick one) Loan repayment
 Overpayment

Question 36 Early payment discount

An early payment discount is available for people who:

- are new in business
- haven't begun to pay provisional tax
- made payments within the corresponding income year up to your balance date, e.g. are a standard balance date taxpayer, and have made a payment or payments on or before 31 March 2012 as income tax for the period 1 April 2011 to 31 March 2012.

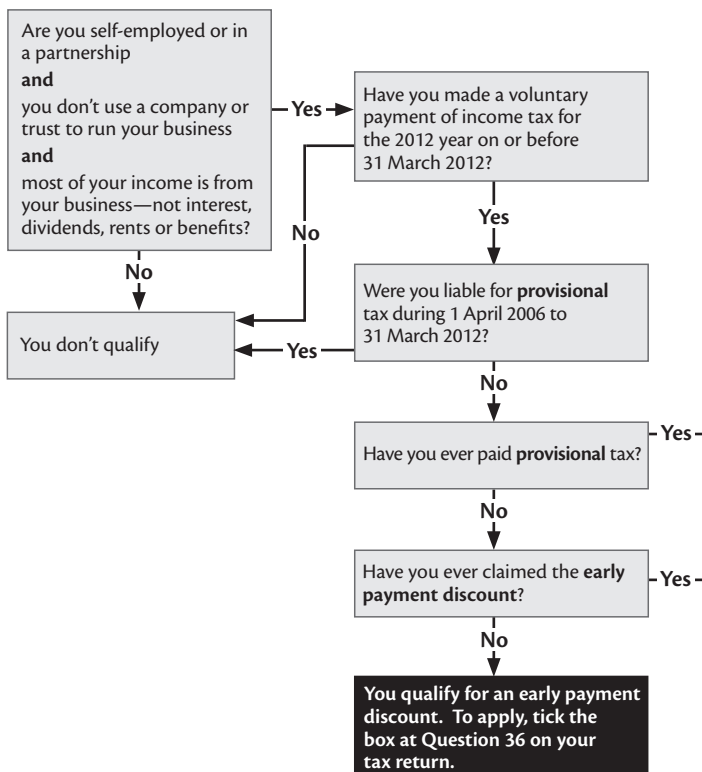
The discount is calculated at the rate of 6.7% of either:

- the amount paid during the year, or
- 105% of your end-of-year residual income tax liability,

whichever is the lesser, and is credited against your end-of-year tax bill.

To check if you qualify, work through the flowchart below.

Do you qualify for an early payment discount?

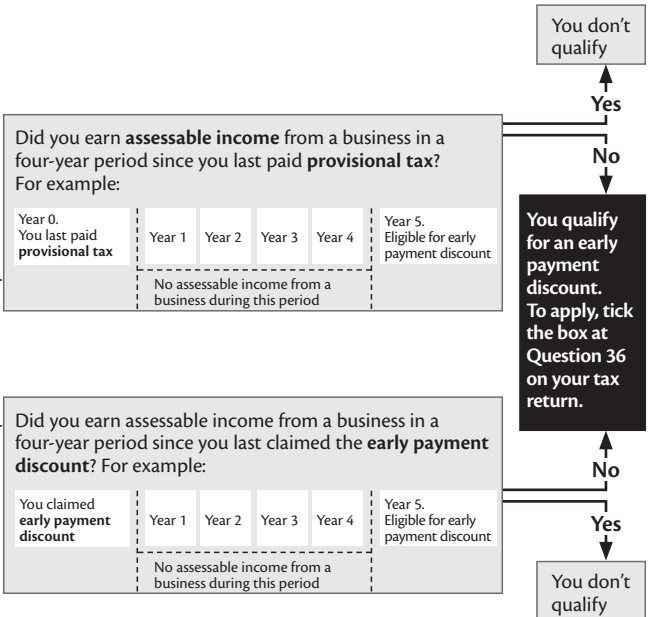


Terms we use

Provisional tax – tax paid in instalments during the year, based on what you **expect** your income to be, or **what it was** last year.

Assessable income – income that is not exempt income or excluded income (eg, a government grant to a business). Assessable income includes undeclared business income you may have earned (eg, cash jobs).

Year – in the diagram below “year” means the standard tax year from 1 April to 31 March, unless you have an approved different end-of-year balance date.



Question 37 Refunds and/or transfers

If you're entitled to a refund, you can:

- transfer all or part of it to your student loan
- transfer all or part of it to cover someone else's income tax or student loan. We'll direct credit any balance to your bank account or send you a cheque
- transfer all or part of it to your 2013 provisional tax
- have it direct credited to a bank or other deposit account, eg, a building society account
- receive a cheque in the mail.

If you've made payments towards your 2013 provisional tax and, after completing this return, find you have less or no provisional tax to pay, we can include the overpayment in the amount we refund or transfer. Print the overpaid amount in Box 37A.

Direct credit

See page 8 for more information on how to have your refund direct credited to your bank account.

Refunds of less than \$5

If your refund is less than \$5 we will carry it forward to your next tax assessment. We will offset it against any amount you may owe us or add it to any refund. If you don't want it carried forward please call us.

Box 37L – refund by cheque

If a bank account number is shown at Question 8 but you want to receive any refund by cheque, you must tick Box 37L.

Transfers

If you'd like your refund transferred to another account or to arrears being paid off through an instalment arrangement, you'll need to tell us the date you'd like your excess tax transferred (the "transfer date").

The date you can choose depends on what tax has been overpaid and whose account you want the credit transferred to.

For more information on the rules for working out the date the transfer is available, please refer to the tables on our website:

<http://www.ird.govt.nz/taxagents/tax-technical-info/credit-transfers/ta-credittransfer-transfer-rules.html>

Requesting transfers on your return

You can ask us to transfer a refund to another account by filling out the boxes on page 5 of your return. If you ask for a transfer on your return, we'll transfer your refund at one of the following dates:

Transfer to your own account or an account of someone associated to you, the later of:

- the day after your balance date (or 1 April if your balance date is before 31 March), or
- the due date in the destination account.

Transfer to an account of someone not associated to you

- the day after your return was filed.

If you don't tell us the date you'd like your credit transferred, we'll transfer it at a date we think gives you the greatest advantage. If you'd like the credit transferred at a different date, you can contact us and ask for the transfer date to be changed (including if we've transferred your credit to cover a debt).

Associated taxpayers

The following are associated taxpayers for the purposes of transferring overpaid tax:

- a company you're a shareholder-employee in
- a partner in the same partnership
- a relative (eg, child, parent)
- spouse or partner
- a trustee of a family trust you're a beneficiary of.

Transfers requiring a separate note attached to the return

Situations such as requesting a transfer at a future date, transfer to arrears being paid off by an instalment arrangement and transfers at a different date will require you to attach a separate note to your return advising the following specific details:

- The amount you want transferred
- The account you want it transferred to, eg Name, IRD number, Tax Type and period end date (and if it's another person whether they're associated)
- The date you'd like the credit transferred,
- And if it is to be transferred to debt covered by an instalment arrangement

Special rules apply if the return period has had tax pooling funds transferred in.

Provisional tax

Question 38 Provisional tax

Provisional tax is generally payable because you earned income during the year that either:

- wasn't taxed, or
- was taxed at the wrong rate.

It's usually payable in three instalments during the year (28 August 2012, 15 January 2013, 7 May 2013), unless:

- you have a non-standard balance date, or
- you pay GST on a six-monthly basis, or
- you use the GST ratio method to calculate provisional tax.

If your 2012 residual income tax (RIT) (Box 35A of your return) is more than \$2,500, you'll become a provisional tax payer and will be liable to pay 2013 provisional tax.

For more information read our guides *Provisional tax (IR 289)* or *Taxpayer obligations, interest and penalties (IR 240)*.

Initial provisional tax liability

You may have to pay provisional tax in your first year of business if:

- you stopped receiving income from employment and began to derive income from a taxable activity during the tax year, and
- your RIT in any of the four preceding tax years didn't exceed \$2,500, and
- your RIT for the current year is \$50,000 or more.

The date you ceased employment determines how many provisional tax instalments you may have to pay.

Let us know if any of the conditions above apply to you. Please staple a note to the front page of your return telling us:

- the date you stopped receiving income from employment
- the date your business started.

Interest rules if you have an initial provisional tax liability

Special rules apply to when interest may be charged for an initial provisional tax liability. If this applies to you, please read our guide *Provisional tax (IR 289)*.

Payment options

You have three options for paying provisional tax—the standard option “S”, the estimation option “E” or the ratio option “R”.

Standard option

Under this option, your 2013 provisional tax is your 2012 RIT (if it is more than \$2,500) plus 5%.

Note

If you think your income for 2013 will be more than your 2012 income, you can make voluntary payments over and above the amount you have to pay under the standard option.

Use this worksheet to calculate your 2013 provisional tax using the standard option “S”

Copy your RIT from Box 35A of your return to Box 1.

1

Multiply Box 1 by 0.05 (5%).
Print your answer in Box 2.

2

Add Box 1 and Box 2.
Print your answer in Box 3.

3

Box 3 is your 2013 provisional tax.

Copy this amount to Box 38B of your return and print “S” in Box 38A.

Divide the amount in Box 3 by 3 to get the amount you must pay for each instalment. Record this on page 55.

If you're filing your return after 28 August, your instalment amounts may be different.

Estimation option

Anyone can estimate provisional tax. If you expect your 2013 RIT to be lower than your 2012 RIT, estimating will keep you from paying more than you have to.

If you choose to estimate, your estimate must be fair and reasonable at the time you make it and at each instalment date.

You can be charged a penalty and/or interest if you don't take reasonable care when you estimate your provisional tax.

Use this worksheet to calculate your 2013 provisional tax using the estimation option "E"

Print your estimated 2013 taxable income in Box 1.

1	\$ <input style="border: none; border-bottom: 1px solid black; text-align: right; font-family: monospace; font-size: 1.2em; margin-right: 10px;" type="text"/> . <input style="border: none; border-bottom: 1px solid black; text-align: center; font-family: monospace; font-size: 1.2em;" type="text"/>
---	---

Work out the tax on the amount in Box 1. Print your answer in Box 2.

2	\$ <input style="border: none; border-bottom: 1px solid black; text-align: right; font-family: monospace; font-size: 1.2em; margin-right: 10px;" type="text"/> . <input style="border: none; border-bottom: 1px solid black; text-align: center; font-family: monospace; font-size: 1.2em;" type="text"/>
---	---

Print your estimated 2013 credits, such as tax credits, PAYE deducted, in Box 3.

3	\$ <input style="border: none; border-bottom: 1px solid black; text-align: right; font-family: monospace; font-size: 1.2em; margin-right: 10px;" type="text"/> . <input style="border: none; border-bottom: 1px solid black; text-align: center; font-family: monospace; font-size: 1.2em;" type="text"/>
---	---

Subtract Box 3 from Box 2.
Print your answer in Box 4.
Box 4 is your 2013 provisional tax.

4	\$ <input style="border: none; border-bottom: 1px solid black; text-align: right; font-family: monospace; font-size: 1.2em; margin-right: 10px;" type="text"/> . <input style="border: none; border-bottom: 1px solid black; text-align: center; font-family: monospace; font-size: 1.2em;" type="text"/>
---	---

Copy this amount to Box 38B of your return and print "E" in Box 38A.

Divide the amount in Box 4 by 3 to get the amount you must pay for each instalment. Record this on page 55.

Ratio option

If you're GST-registered you may qualify to use the ratio option to calculate your provisional tax.

You must apply to use the ratio option, before the beginning of the income year you want to use it in.

If you've already elected to use the ratio option and want to continue using it, enter R at Box 38A.

Read our guide *Provisional tax (IR 289)* for more information about the ratio option.

Question 39 Foreign rights disclosure

If you calculated controlled foreign company (CFC) or foreign investment fund (FIF) income at Question 17, you may be required to complete an additional disclosure form for that investment. The types of foreign investment that may not require an additional disclosure are investments in countries New Zealand has a double tax agreement with as at 31 March 2012 and have used the comparative value or fair dividend rate method.

Full details of the disclosure requirements are available in the May issue of our *Tax Information Bulletin (TIB)* each year.

If you need help making a disclosure please call 0800 377 774.

What to show in your return

At Question 17 of your return include:

- any income and tax credits from a CFC or FIF
- any claim for BETA credits.

See page 20 to find out how to convert your overseas income and tax credits to New Zealand dollars.

For further information about CFCs and FIFs, go to www.ird.govt.nz

Question 40 Is your return for a part-year?

Read the situations listed in Question 40. If any apply to you, tick the “Yes” option and then tick the situation that applies and fill in the start and end dates of the return period.

If you were a tax resident for the full year, but only worked part of the year, please tick the “No” option.

If you ticked “Yes”, this means that your return isn’t for a full year. We’ll calculate your tax and income-related tax credits and let you know what they are.

Question 41 Notice of assessment and declaration

You must read the declaration and sign the return as being true and correct.

Self-assessment by taxpayers

Taxpayers have to assess their own liability as part of their return filing obligations. This applies to the 2002–03 and later income years. We may amend your assessment if a correction is required.

If you dispute our assessment please read our factsheet *If you disagree with an assessment (IR 778)*. The four-month period for you to issue a notice of proposed adjustment (NOPA) to your self-assessment will start on the date Inland Revenue receives your return.

Paying your tax

If you have tax to pay, you must pay it by 7 February 2013. If you have an agent and a standard or late balance date you may have until 7 April 2013 to pay. If you think this may apply to you, please contact your agent for more information. You can pay earlier if you want to.

How to make payments

Go to **www.ird.govt.nz** or call us on 0800 227 771 for payment option details. Use these keywords for the payment option you want to use:

- making electronic payments
- Westpac payment by cheque or electronically
- by credit or debit card on our website
- by using our drop box.

For full details on payment options go to **www.ird.govt.nz** (keywords: making payments) or read our guide *Making payments (IR 584)*.

Paying online by credit or debit card

You can also make all your online payments by credit or debit card. Our bank, Westpac New Zealand, charges a 1.42% convenience fee on each transaction. You won't have to pay this fee if you're making overseas payments for a student loan or non-custodial child support.

Arrangements

If you're unable to pay your tax by the due date, please call us. We'll look at your payment options, which may include an instalment arrangement, depending on your circumstances. Arrangements can be agreed on before or after the due date for payment. There are greater reductions in the penalties charged if the arrangement is made before the due date.

For more help

See our booklet *Taxpayer obligations, interest and penalties (IR 240)*.

Late payment

We may charge you interest if you don't make your tax payment by the due date. We'll also charge you a late payment penalty if you miss a payment.

If your tax remains unpaid we'll charge an initial 1% late payment penalty on the day after the due date. We'll charge a further 4% penalty if there is still an amount of unpaid tax (including penalties) seven days after the due date.

A further 1% incremental penalty will be charged in every month the amount owing remains unpaid after the due date, unless you enter into an arrangement.

Interest and late payment penalties are not charged on outstanding amounts of \$100 or less.

Your record of payment

When you've worked out how much you have to pay, write the amounts on the schedule below. Keep it as a record so you don't miss a payment.

The dates on the schedule apply to a person with a 31 March balance date. If your balance date is different, your payment dates may be different too. If you aren't sure, check with your tax agent or call us.

Payment schedule

These due dates may vary if you have a non-standard balance date or if you have a tax agent.

Amount

Date payable

2012 income year

Tax to pay (Box 35B of your return)

\$.

7 February 2013

2013 income year

Total provisional tax (Box 38B of your return)

\$.

First instalment (one-third)

\$.

28 August 2012

Second instalment (one-third)

\$.

15 January 2013

Third instalment (one-third)

\$.

7 May 2013

Adjusting an income tax return already filed

If you want to amend or adjust an income tax return that's already been filed, please send us a *Notice of proposed adjustment (IR 770) (NOPA)* through the disputes resolution process. Don't send us another return.

ACC personal services rehabilitation payments

If you had a workplace injury your employer may manage these payments rather than ACC. If you or your caregiver receive these payments, regardless of whether ACC or your employer makes them, you'll need to read this information before you complete your return.

Any ACC personal service rehabilitation payments paid by ACC or your employer direct to the client or caregiver, are schedular payments and will have tax deducted before the payments are made.

Depending on their circumstances, ACC clients or carers receiving ACC personal service rehabilitation payments may not be required to file an IR 3. Please read the information on the next page for more information.

Do I need to file?

Are you a caregiver receiving payments from ACC, or a caregiver paid by a client?

If you earn over \$14,000 from all sources of income, you're required to file an IR 3.

If you earn less than \$14,000, you're not required to file an IR 3 because enough tax will have been deducted during the year from these payments. However, you may have another reason to file an IR 3—see page 5 for more information.

If you're not required to file an IR 3 please call us on 0800 377 774 and we'll update our records.

Are you a client who received these payments from ACC and then passed on those payments to your caregiver?

Because you've received these personal service rehabilitation payments from ACC to pass on to your caregiver, we've sent you an IR 3.

You're not required to file an IR 3 if:

- you have no other income
- you're not liable for child support
- you don't have a student loan and income over the threshold
- your family is not entitled to Working for Families Tax Credits
- you have no other reason to file—see page 5.

Please note the above rules apply whether or not you've passed these payments on to your caregiver.

If you're not required to file, please call us on 0800 377 774 and we'll update our records.

If you're a client or caregiver who is required to file, please read the information on the following pages before you complete Questions 12 and 27.

Question 12 Scheduling payments

If you're a caregiver paid directly by ACC

Use the income from schedular payments information on your summary of earnings (SOE) to help you complete your IR 3. If you haven't received an SOE, call us on 0800 377 774 and we'll send you a copy. If you haven't given ACC your IRD number, please include any payments that aren't on your SOE in your IR 3.

Enter the amount of tax deducted in Box 12A. Enter the total gross payments in Box 12B.

If you're a caregiver paid by the ACC client

Using the records you've kept on the amount of personal service rehabilitation payments you received throughout the year, work out the gross payments to show in your return.

Calculating your gross payments

Worksheet 1. Calculating your gross payments that had 10.5% tax deducted

Print in Box 1 the total amount of payments received that had 10.5% tax deducted.

1 \$

Divide Box 1 by 0.895

2 \$

Print the answer in Box 2. This is the gross payment.

If any of your payments had the 25.5% no-notification tax rate applied, you will need to complete the following worksheet.

Worksheet 2. Calculating your gross payments that had 25.5% tax deducted

Print in Box 3 the total amount of payments received that had 25.5% tax deducted.

3 \$

Divide Box 3 by 0.745

4 \$

Print the answer in Box 4. This is the gross payment.

Total gross payments amount for the year

Worksheet 3. Calculating your total gross payment

Add Boxes 2 and 4 together and print the answer in Box 5.

5

 \$.

This is the gross payment received for the year. Copy it to Box 12B of your return.

Note

If you're registered for GST, your gross schedular payment may include GST. Enter the GST-exclusive amount at Question 12B.

Calculating your tax deducted

Worksheet 4. Calculating your available tax credit

Add Boxes 1 and 3 together and print the answer in Box 6.

6

 \$.

Subtract Box 6 from Box 5 and print the answer in Box 7.

7

 \$.

This is your total tax deducted. Copy it into Box 12A of your return.

Note

If you received any other income that didn't have tax deducted from it, print it in Box 24 of your return. Staple the details of your income to the top of page 3 of your return.

If you're an ACC client

If you've kept all payments and haven't paid any of the money received from ACC to your caregiver(s), use the amounts from schedular payments information on your SOE.

Enter the tax on schedular payments in Box 12A and enter the total gross payments in Box 12B.

If you haven't received your SOE, call us on 0800 377 774 and we'll send you a copy.

If you haven't provided ACC with your IRD number, please include any payments that aren't on your SOE in your IR 3.

If you've passed on all the income to your caregiver(s) you don't need to include these from your SOE at Question 12. This is because these payments, when they're all passed to your caregiver(s) throughout the year, are considered exempt income to you.

You won't need to put any amount in Boxes 12A or 12B. Please attach a copy of the payments you made to your caregiver(s) with your IR 3.

If you've kept some of the income, you'll include the total gross payments from your SOE at Box 12B but claim any of these payments you've passed on to your caregiver(s) as a deduction at Question 27. Read *Question 27 Expenses and deductions* below.

If you haven't given ACC your IRD number, please include any payments that aren't on your SOE in your IR 3.

Please use worksheet 4 "Calculating your available tax credit" on page 60 to determine your tax deductions. This total will be added at Question 12A. You'll also need to complete worksheets 1 to 3 on pages 59 and 60 before you can calculate your available tax credit.

Question 27 Expenses and deductions

If you've kept some of the income

To help determine your allowable deduction, you'll first need to determine your caregiver's gross payments. Complete worksheets 1 to 3 and include the amount from Box 5 at Box 27 of your IR 3 return.

Please attach a copy of the payments you made to your caregiver(s) with your IR 3.

Calculating your deduction

Worksheet 1. Calculating the gross payments you have passed to your caregiver that had 10.5% deducted

Print in Box 1 the total amount you paid to your caregiver that had 10.5% tax deducted.

1	\$	<input type="text"/>	:	<input type="text"/>
----------	----	----------------------	---	----------------------

Divide Box 1 by 0.895.

2	\$	<input type="text"/>	:	<input type="text"/>
----------	----	----------------------	---	----------------------

Print the answer in Box 2.

This is the gross payment you made to your caregiver.

If any of your payments had the 25.5% no-notification tax rate applied you'll need to complete the following worksheet.

Worksheet 2. Calculating the gross payments you have passed to your caregiver that had 25.5% tax deducted

Print in Box 3 the total amount you paid to your caregiver that had 25.5% deducted.

3 \$.

Divide Box 3 by 0.745.

4 \$.

Print the answer in Box 4. This is the gross payment you made to your caregiver.

Your allowable deduction

Worksheet 3. Calculating your allowable deduction

Add Boxes 2 and 4 together and print the answer in Box 5.

5 \$.

This is the allowable deduction. Include this amount in Box 27 of your return.

Please attach a copy of the payments you made to your caregiver(s) with your IR 3.

Please use worksheet 1 below to calculate the tax deducted, which you'll need to include at Question 12A.

Calculating your tax deducted

Worksheet 1. Calculating your available tax credit

Copy the amount from Box 5 on worksheet 3 in Box 1.

1 \$.

Add Boxes 1 and 3 on pages 59 and 60. Print the answer in Box 2.

2 \$.

Subtract Box 2 from Box 1 on this worksheet and print the answer in Box 3. This is your caregiver's available tax credits.

3 \$.

Copy your total tax deducted amount from your SOE to Box 4.

4 \$.

Subtract Box 3 from Box 4. Print the answer in Box 5.

5 \$.

This is the total tax deducted available to you. Copy it into Box 12A of your return.

More information

If you have any questions about your tax please go to our website www.ird.govt.nz

Injury Prevention, Rehabilitation, and Compensation Act 2001 (ACC)

Under the Injury Prevention, Rehabilitation, and Compensation Act 2001, Inland Revenue is required to provide earnings information from your IR 3 return to the Accident Compensation Corporation (ACC). ACC began invoicing self-employed levies from August 2008. ACC gets the information from IR 3 returns as follows:

- Question 11A Gross earnings with PAYE deducted and earnings not liable for ACC earners' levy
- Question 12 Salaried payments
- Question 17 Overseas income
- Question 18 Share of partnership income ("active" income) from the partnership's trade or business
- Question 19 Look-through company (LTC) active income
- Question 21 Shareholder-employee salary with no tax deducted
- Question 23 Self-employed income
- Question 24 Other income
- Question 27 Expenses.

Shareholder-employees

Other income

In addition to your shareholder's remuneration, you may also have received other income liable for ACC levies, such as self-employed income. ACC will take your shareholder-employee remuneration into account if invoicing for additional levies.

Maximum earnings from multiple companies

The maximum amount of ACC earners' levy deductions is \$2,278.04. You may be due for a refund from ACC if your shareholder-employee remuneration is from two or more companies and the combined total is over \$111,669. Please call ACC on 0508 426 837 to find out more about the refund process.

Mixed income

Mixed income earners are those who have a combination of employee (including shareholder-employee remuneration without PAYE deducted) and self-employed earnings. If you're in this situation you have to pay ACC levies on both sources of income, up to the maximum. ACC will invoice you for the amount you'll have to pay.

Current year losses

If you were in full-time employment and have recorded a loss, or your earnings are below the minimum earnings threshold, you're still liable for ACC levies. These will be calculated at the minimum level.

IR 56 taxpayers

If you're a private domestic worker, you've already paid ACC earners' levy on your IR 56 income as part of your PAYE.

ACC will invoice you as an employer for other levies payable on your IR 56 income. If you also receive other income liable for ACC levies, we'll pass this information to ACC to invoice levies on this income. ACC will make allowance for levies paid as an employer.

Further information

If you have any queries about ACC or levies payable, go to www.acc.co.nz/productslevies or contact the ACC Business Service Centre:

Phone 0508 426 837
Fax 0800 222 003
Email business@acc.co.nz

Privacy

Meeting your tax obligations means giving us accurate information so we can assess your liabilities or your entitlements under the Act we administer.

For full details of our privacy policy go to www.ird.govt.nz (keyword: privacy).

Services you may need

Need to talk to us?

You can call us on these numbers:

General tax, tax credits and refunds	0800 227 774
Employer enquiries	0800 377 772
General business tax	0800 377 774
Overdue returns and payments	0800 377 771

We're here to take your call between 8 am and 8 pm Monday to Friday and Saturday between 9 am and 1 pm. If you have an IRD number, remember to have it with you when you call.

For more information go to www.ird.govt.nz (keywords: contact us).

0800 self-service numbers

This service is available seven days a week (any time, except between 5 am and 6 am) for a range of self-service options. Remember to have your IRD number with you when you call.

For personal information, such as account balances, you'll also need a personal identification number (PIN). You can get a PIN by calling 0800 257 777 and following the step-by-step instructions.

- Order publications and taxpacks 0800 257 773
- Request a summary of earnings 0800 257 778
- Request a personal tax summary 0800 257 444
- Confirm a personal tax summary 0800 257 771
- All other services 0800 257 777

If you have a complaint about our service

We're committed to providing you with a quality service. If there's a problem, we'd like to know about it and have the chance to fix it. You can call the staff member you've been dealing with or, if you're not satisfied, ask to speak with their team leader/manager. If your complaint is still unresolved you can contact our Complaints Management Service.

For more information go to www.ird.govt.nz or call us on 0800 274 138 between 8 am and 5 pm weekdays.

If you disagree with how we've assessed your tax, you may need to follow a formal disputes process. For more information, read our factsheet, *If you disagree with an assessment (IR 778)*.

