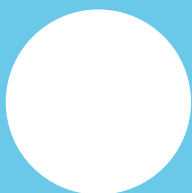


Annual imputation return guide 2011

This guide is to help you complete
the 2011 IR 4J imputation return
and FDP (foreign dividend payment)
account return



Inland Revenue
Te Tari Taake

IR 4JG
November 2010

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 mentioned in this guide by going to www.ird.govt.nz and selecting “Forms and guides”. You can also request copies by calling 0800 257 773.

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

Imputation return

Most New Zealand-resident companies, unit trusts, producer boards and cooperatives must file an imputation return each year. The following bodies don't have to file imputation returns:

- non-resident companies
- trustee companies (but not group investment funds with Category A income)
- any company with a constitution preventing it from distributing all its income or property to any proprietor, member or shareholder
- companies whose income is completely exempt from tax
- local authorities
- Crown research institutes
- non-active companies
- Māori authorities.

Trans-Tasman imputation and imputation groups

Australian companies can elect to maintain a New Zealand imputation account from the 2003–04 tax year. An alternative form of grouping (for imputation purposes only) is available, which Australian companies may join.

Returns for trans-Tasman imputation

Australian companies, who elect under the trans-Tasman rules, are required to file a 2011 *Annual imputation return (IR 4J)* by 31 July 2011.

The return is completed for the New Zealand tax year (1 April to 31 March) regardless of your accounting year. Only fields 1 to 10A of this return need to be completed.

Note

A \$250 penalty may be charged where returns aren't filed on time.

Returns for imputation groups

The imputation group representative will file the *Annual imputation return (IR 4J)* on behalf of the imputation group.

Imputation group members should not file individual imputation details. An exception applies for the nominated company of a resident imputation group, where there is an imputation credit account (ICA) debit balance.

Where payment of any further income tax (a debit ICA balance) is made, attach a note of how the corresponding income tax credit should be allocated to group members.

FDP account returns

For details about the filing requirements for companies which have elected to maintain an FDP account, go to www.ird.govt.nz/business-income-tax/imputation/

Portfolio tax rate entities (PTRE)

A PTRE isn't required to maintain an ICA. Credits in the ICA on the date a company becomes a PTRE are lost. Where there is a debit in the ICA on the date a company becomes a PTRE, the company has until the end of the tax year to clear the debit. Portfolio listed companies will continue to pay tax and file income tax returns as a company and must maintain an ICA.

For more help see our booklet *Portfolio investment entity guide (IR 860)*.

FDP account return

All companies that have elected to maintain an FDP account must file a return for their account.

Note

Complete the annual imputation return and FDP account return for the tax year 1 April 2010 to 31 March 2011 **regardless** of your accounting year.

For more help call us on 0800 377 774 or read our booklet *Imputation (IR 274)*.

Limitation on tax refunds

We may hold all or part of a refund if:

- the company is expecting an income tax refund, and
- the credit balance in the ICA at 31 March 2011 is less than the refund.

If there have been additional credits to the ICA since 31 March 2011, the company may file an interim 2012 IR 4J return in anticipation of an IR 4 annual return being filed at a later date. We may then be able to release the refund.

We can also apply non-refundable overpaid income tax to a company's previous years' income tax liabilities, where these debits exist, rather than transferring the credit forward to the next year's provisional tax.

This avoids further payments having to be made to satisfy back-year debts.

For more help call us on 0800 377 774.

Completing the return

The information on the first page of the return helps us to be sure that any correspondence we send goes to the right place.

Questions 1 to 5

Please make sure you fill in Questions 1 to 5, if these details are not already shown. We ask for your daytime phone number at Question 5 so we can call you, if necessary, to ask questions about the return.

Question 3 Postal address

If you have a new postal address, write the details at Question 3.

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

If the company uses its tax agent's postal address, leave this address panel blank. The agent will let us know of any change of address when updating their client list.

Annual imputation return

The annual imputation return is completed for the period 1 April 2010 to 31 March 2011 **regardless** of your accounting year.

Question 6 Opening balance

This is the same as the closing balance at 31 March 2010.

Tick either "Debit" or "Credit", next to Box 6. Because new companies won't have a closing balance to bring forward—they should write "0.00" in Box 6.

Question 7 Credits

Australian companies which elect to maintain a New Zealand ICA should include credits in Question 7D and 7E only.

Question 7A Income tax paid

The imputation system started at the beginning of the 1989 income year. Include in Box 7A all payments of New Zealand income tax and provisional tax made from 1 April 2010 to 31 March 2011 that were for 1989 and later income years.

Don't include any FBT, ESCT, interest on tax, late payment penalties, imputation penalty tax or RWT.

Question 7B FDP paid

In Box 7B, write any FDP paid between 1 April 2010 and 31 March 2011 while the company had not elected to maintain an FDP account. Leave Box 7B blank if the company maintained an FDP account for the full year 1 April 2010 to 31 March 2011.

Question 7C RWT on interest received

If the company received interest with RWT deducted between 1 April 2010 to 31 March 2011, write the total RWT in Box 7C.

Question 7D Imputation and FDP credits attached to dividends received

If the company received dividends with imputation credits or FDP credits attached between 1 April 2010 and 31 March 2011 while it had not elected to maintain an FDP account, write the total credits in Box 7D.

Include in Box 12B on page 3 any FDP credits attached to dividends received while the company maintained an FDP account.

Include the full amount of credits received here. Don't limit this to the amount of income tax due on the dividends received—that limitation only applies to the amount of imputation credits you can claim in your *Company income tax return (IR 4)*.

Question 7E Other credits

List any other credits made to the ICA from 1 April 2010 to 31 March 2011. Use a separate sheet of paper if there isn't enough room and attach it to the top of page 3 of the return. Write the total in Box 7E.

Other types of credits include:

- RWT on dividends received
- provisional tax allocated to the company by a company in the same wholly owned group that has overpaid its provisional tax
- specific credits for Australian companies which have elected to maintain a New Zealand ICA.

Supplementary available subscribed capital account (SASCA)

If you are a public unit trust or a group investment fund that maintains a SASCA and are eligible to transfer credits from that account to the ICA, please record the credits being transferred in Box 7E (other credits).

All public unit trusts or group investment funds maintaining a SASCA should, by the due date for filing the 2011 IR 4 or IR 4J, send a copy of that memorandum account, together with any written queries in relation to the operation of the SASCA to:

Investment Desk
Large Enterprises
Inland Revenue
PO Box 2871
Christchurch 8140

For more information on negative dividends and the SASCA rules, see our *Tax Information Bulletin (TIB)* Vol 14, No 11 (November 2002).

Qualifying company election tax (QCET) payments

Include any QCET payments made after 17 May 2007 as a credit in the ICA when working out the account balance. Use the account balance in the formula when calculating the imputation credit to be attached to a dividend paid by the qualifying company.

See our *Tax Information Bulletin (TIB)* Vol 11, No 5 (May/June 1999) and Vol 20, No 3, page 127 (April 2008).

Question 8 Debits

Australian companies who elect to maintain a New Zealand ICA should include debits in Questions 8C and 8D only.

Question 8A Income tax refunded

Write in Box 8A the company's total income tax refunds received from 1 April 2010 to 31 March 2011 for 1989 and later income years. Don't include any interest on tax received or income tax refunded for any year before 1989.

Question 8B FDP refunds

Include in Box 8B any FDP refunded between 1 April 2010 and 31 March 2011 while the company had not elected to maintain an FDP account. If the company received any refunds while operating an FDP account, include these in Box 13B on page 3.

Question 8C Imputation credits attached to dividends paid

If the company paid dividends from 1 April 2010 to 31 March 2011 with imputation credits attached, write the total credits in Box 8C.

Question 8D Other debits

List any other debits in the ICA and write the total in Box 8D. Other types of debits include:

- any provisional tax allocated by the company to a company in the same wholly owned group that has underpaid its provisional tax
- an adjustment for a change of shareholding of more than 34% during the period 1 April 2010 and 31 March 2011 regardless of your accounting year
- an adjustment for a change in an imputation ratio
- tax payable by a company on any part of a distribution that is not sourced from the subscribed capital of the company, where that company repurchases a share on-market.

Qualifying companies

The 66% continuity of shareholding requirement does not apply to qualifying companies. There is no need to make an adjustment where there has been a change of shareholding, except in the year the company ceases to be a qualifying company.

Question 9 Closing balance

Where payment of a debit balance is made for an imputation group, attach details of how the income tax credit should be allocated to group members to the return.

Question 9A Adjustments to debit balances

If a qualifying company has received an income tax refund after 1 April 1995 that has created a debit balance in the ICA, no further income tax is paid on any refunds received.

If the company has a debit balance as a result of income tax refunded after 1 April 2010, please subtract the amount refunded at Box 9A.

If the closing balance is a credit, there is nothing to pay.

If the closing balance at Box 9B is a debit, it must be paid by **20 June 2011**.

Note

There are two types of relief from payment of debit ICA balances:

- offsetting income tax payments
- same debit ICA balances reflected in successive years.

For more information see our *Tax Information Bulletin (TIB)* Vol 16, No 1 (February 2004).

Question 10 Imputation penalty tax

Imputation penalty tax of 10% of the debit closing balance is also payable by **20 June 2011**. Work out the 10% penalty in Box 10.

If the total in Box 10A exceeds \$100 and isn't paid by the due date, we'll charge you interest. We'll also charge you a late payment penalty if you miss a payment, but if you have a good payment history with us we may contact you before we do this.

Otherwise, 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.

Every month the amount owing remains unpaid after the due date a further 1% incremental penalty will be charged.

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

Arrangements

If you can't 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 upon before or after the due date for payment. However, 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).

FDP account return

Only complete this part of the return if the company has elected to keep an FDP account.

Question 11 Opening balance

This is the same as the closing balance at 31 March 2010. Tick either “Credit” or “Debit” next to Box 11. New companies will not have a closing balance to bring forward—they should write “0.00” in Box 11.

Question 12 Credits

Question 12A FDP paid

In Box 12A, write the total FDP paid during the year. If the company elected to maintain an FDP account part-way through the year, only include the payments made after the election.

Question 12B FDP credits attached to dividends received

If the company received dividends with FDP credits attached, write the total credits in Box 12B. If the company elected to maintain an FDP account part-way through the year, only include the credits received after the election.

Question 13 Debits

Question 13A FDP credits attached to dividends paid

In Box 13A write the total FDP credits attached to dividends the company paid to its shareholders.

Question 13B FDP refunded

Write in Box 13B the total amount of FDP refunded to the company during the year.

Question 13C Other debits

List any other debits and write the total in Box 13C.

Examples of other types of debits are:

- an adjustment for an FDP ratio change
- an adjustment for a change of shareholding of more than 34% during the period 1 April 2010 and 31 March 2011 regardless of your accounting year.

Qualifying companies

Any adjustment required because of a change in shareholding of more than 34% is not made until the company ceases to be a qualifying company.

Question 15 Transfer to the ICA

If the FDP account has a credit balance at the end of the tax year, the company can transfer all or part of that credit to the ICA.

Write the amount to be transferred in Box 15 and also include it in Box 7E on page 2 of the return.

Question 16 Closing balance

Where the company has a credit closing balance after transfers to the ICA, the credit balance is carried forward to the opening balance in the next tax year. Alternatively, if the company has a loss, it may apply for a refund of all or part of the credit closing balance of payments, made by reducing any income tax loss it has incurred.

If the closing balance is a debit, it must be paid by **20 June 2011**.

Note

There are two types of relief from payment of debit ICA balances:

- offsetting income tax payments
- same debit balances in the FDP account reflected in successive years.

For more information see our *Tax Information Bulletin (TIB)* Vol 16, No 1 (February 2004).

Question 17 FDP penalty tax

FDP penalty tax of 10% of the debit closing balance is also payable by **20 June 2011**. Work out the 10% penalty in Box 17. If the total in Box 17A exceeds \$100 and isn't paid by the due date, late payment penalties and interest will apply—see page 12 for details on penalties.

Question 18 Conduit tax

If you are an FDP company and have elected to be a CTR company, you will need to complete a *Conduit tax relief account return (IR 406)*.

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. Remember to have your IRD number with you when you call.

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

Customer service quality monitoring

As part of our commitment to providing you with a quality service, we record all phone calls to and from our contact centres. Find out more about this policy or how to access your recorded information at www.ird.govt.nz

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

Privacy

Meeting your tax obligations means giving us accurate information so we can assess your liabilities or your entitlements under the Acts we administer. We may charge penalties if you don't.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them
- Statistics New Zealand (for statistical purposes only).

If you ask to see the personal information we hold about you, we'll show you and correct any errors, unless we have a lawful reason not to. Call us on 0800 377 774 for more information. For full details of our privacy policy go to www.ird.govt.nz (keyword: privacy).

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)*.

New Zealand Government