

## BUSINESS SERVICES TAILORED TO YOUR NEEDS

### IRD PAYMENT UPDATE

The IRD have changed the rules regarding acceptance of payments. The new rules apply for all payments from 1 October 2014. IRD will no longer record forms and payments received by post after the due date as “on time”. Previously, if postmarked on the due date they were accepted as on time.

Now they must ARRIVE at the IRD by due date. If the due date is a weekend or public holiday then payment the next working day remains acceptable and will not incur penalties. You can post them a cheque but you will need to allow 3 working days (NZ Post target) for the mail to ensure it arrives on time and avoid penalties. Our experience is post is definitely slower than it used to be. FYI penalties run as follows:

- 5% immediately (even if one day late). Note if you make the payment within 7 days of the due date this reduces to 1%.
- 1% per month thereafter
- PLUS use of money interest, currently at 8.4%, charged on a daily basis.

The IRD has a preference for payments via the internet. We also recommend this but have identified common mistakes taxpayers make when making online payments, particularly:

- Incorrect tax payer number.
- Putting in the wrong tax type.
- Or the wrong period.

Unravelling the above with the IRD can be an expensive, frustrating and time-consuming process. To assist you in getting it right we have set out below some of the essential points so your payment is put into the correct tax type and period.

#### Internet Banking Instructions

You won't need to set up the IRD as a “payer” as all banks have the IRD set up for payments.

In general these are the codes you will need to use:-

Code	Where used	Month or period	PERIOD CODE EXAMPLES
DED	PAYE, kiwisaver etc	paid on the 20 <sup>th</sup> for the previous months wages, so wages paid in September with PAYE due 20 <sup>th</sup> September would have the period end of	31 08 2014
INC	Terminal Tax	the most used date is the 7 <sup>th</sup> of April and the period is the year end, This information is included on your tax notice, so the amount due on 7 April 2015 will have the period date of	31 03 2014
GST	GST	generally due on the 28 <sup>th</sup> of the month for GST ended on the previous month, but November due on 15 January and March due on 7 <sup>th</sup> May	
IPS	RWT on Interest	due 20 <sup>th</sup> month for payments in the previous month (similar to PAYE)	
DWT	on Dividends	due 20 <sup>th</sup> month for payments in the previous month.	
ARR	Overdue tax under arrangement	this doesn't usually need a period end but if it does use	31 03 2015

There are several other codes and these can be found at the IRD website – [click here](#) to view list

You can also pay the IRD from the website using a credit or debit card – [click here](#) will take you to the IRD payment section.

Westpac will continue to accept cash or eftpos payments over the counter after 1 October 2014 but they will no longer accept any cheque payments, returns or other documents.

We hope the above comments assist you. If you have any queries or require further assistance please call us on our freephone number 05083760092 or phone/email your usual client adviser.



"I'm not going to pay taxes. When they say I'm going to prison, I'll say no, prisons cost taxpayers a lot of money. You keep what it would have cost to incarcerate me, and we'll call it even." -Jimmy Kimmel

The hardest thing in the world to understand is the income tax.

Albert Einstein (1879 - 1955) German-born physicist