



Inland Revenue
Te Tari Taake

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Taxpayer obligations, interest and penalties

www.ird.govt.nz

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- **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.

Introduction

The tax rules encourage voluntary compliance by clearly setting out your obligations and by applying standard penalties and interest for non-compliance.

As a taxpayer, you have certain legal obligations you must fulfil, and are expected to meet certain standards when managing your tax affairs.

This guide tells you about the current penalty and interest rules that might apply if you don't meet your obligations. It's a guide only, and doesn't cover all details of the relevant legislation. Contact your tax agent or go to www.ird.govt.nz for more information.

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Taxpayer obligations

Tax laws encourage voluntary compliance. They set out your obligations as a taxpayer and the standards you're expected to meet in paying your taxes. You must:

- correctly determine the amount of tax you have to pay
- deduct or withhold the correct amount of tax from payments or receipts
- pay tax and file returns on time
- keep all necessary tax information and maintain all necessary accounts or balances
- cooperate with us by disclosing all required information in a timely and useful way
- comply with any obligations imposed by other tax laws
- correctly respond to a personal tax summary, if you received one
- advise us if you should have received a personal tax summary for a particular income year, but haven't.

Note

The final responsibility for meeting your tax obligations within the law remains with you, the taxpayer. It can't be transferred to a third party, such as a tax agent. For example, if your tax agent fails to file your return, you're held responsible, not your agent.

Interest

Two-way interest rules apply to all taxes and duties, eg, PAYE, cheque duty, income tax and GST. If you overpay tax, we'll generally pay you interest from the day after the original due date for the relevant return period (within certain rules). If you underpay, you'll be charged interest from the day after the original due date for payment.

These rules are designed to:

- encourage you to pay the right amount of tax at the right time
- compensate you if you pay too much tax by paying you interest
- compensate the government if you pay too little tax by charging you interest.

These interest rules don't apply to student loan repayments or child support payments.

Interest rates

The interest rates are set by the government and are based on market rates, so they'll vary over time. If you want to check the current rates, go to www.ird.govt.nz (keywords: current interest).

Interest on underpayments is linked to the market rate for short-term borrowing. Interest on overpayments is linked to the market rate for short-term deposits.

How interest is calculated

When interest is charged or paid, it is:

- calculated on a daily basis on the amount of overpaid or underpaid tax
- not compounded or included when calculating penalties
- charged on the tax owing, for underpayments, which includes accumulated penalties and shortfall penalties
- not charged or paid on amounts of \$100 or less.

The starting date for interest

Underpayments of tax

Interest starts on the day after the original due date for the relevant return period. It ends on the day the tax is fully paid.

Overpayments of tax

Interest starts on the day after the original due date for payment of the tax, or the day after payment is made, whichever is later. In some cases you need to file a tax return before a refund can be made.

If this is the case, interest starts on the latest of the:

- original due date
- day after the payment that generates the refund is made, ie, when the credit becomes available
- date the return is filed.

In most cases, interest stops on the day the overpaid tax is refunded or applied towards paying other tax.

Interest on provisional tax

Individuals

For individuals, interest is generally calculated from the date after your first provisional tax instalment date if:

- you use the estimation option and your residual income tax (RIT) is more than \$2,500
- your RIT is over \$50,000.

If you're using the ratio option for provisional tax, interest will be calculated from the day after your end-of-year tax due date.

Non-individuals

Interest is calculated the:

- day after the end-of-year tax due date if your RIT is \$2,500 or less
- day after the first instalment date if your RIT is more than \$2,500
- day after the end-of-year tax date if you're using the ratio option for provisional tax.

If your RIT is less than \$2,500, you may be able to elect to become a provisional tax payer to receive credit interest on any provisional tax payments made. However, if you do, you could be subject to debit interest on any underpaid provisional tax instalments.

Initial provisional tax liability

There are special rules that determine when interest starts for initial provisional tax liability where a taxable activity is started during the year.

Please see your tax return guide or our *Provisional tax (IR 289)* guide for more information.

Interest on GST refunds

Interest starts on the later of the day after the:

- 15th working day after we receive your GST return, or the original due date for payment, whichever comes first
- return is received
- payment that generates the refund is made.

How payments are applied

If you're late paying your tax, or you don't pay the full amount, any payments you make will first be used to clear your unpaid interest, and then be used against your unpaid tax (including penalties). The exception to this rule is for payments of provisional tax, where payments are used for provisional tax instalments as specified by the taxpayer.

Credit interest may also be used to pay other unpaid taxes.

Interest as gross income

Interest paid on overpayments of tax is considered gross income and is assessable in the income year in which it is paid to you. This also applies if you've credited the amount of interest towards paying other unpaid tax.

Example

Maria's 2011 tax return is reassessed on 12 February 2012, and shows that she has overpaid tax, so Maria is paid interest on the amount she overpaid. This interest is assessable as gross income in Maria's 2013 income year.

Tax-deductible interest

Interest paid on underpayments of tax is deductible in the income year it's paid.

Example

Trevor's 2011 tax return is reassessed on 7 December 2012 and shows that he didn't pay enough tax. Trevor is charged interest and paid the amount he owes on 21 January 2013. This interest is deductible in Trevor's 2013 income year.

Interest on tax in dispute

When you challenge an assessment or disputable decision, you may defer payment of the tax in dispute while the dispute is being resolved.

If you're successful in the dispute, we'll refund any tax in dispute that you paid and pay you interest on it.

If we're successful, you'll be charged interest on any unpaid portion of outstanding tax.

Remission or cancellation of interest

Remission

Interest can be remitted (legally forgiven) in limited circumstances, eg, where we've given you incorrect advice and that advice has directly resulted in the non-compliance. Remission also occurs when interest is correctly imposed, but a decision is made to relieve you of the liability to pay.

You must apply for remission in writing and you must provide evidence to support the fact that incorrect advice was given.

This isn't the only situation in which remission of interest may be granted. Each case is considered individually.

Cancellation (grace period)

Taxpayers are given a grace period (usually 30 days) to pay a balance shown on a notice of assessment or a statement of account. If the balance is paid in full within this period, the interest incurred during this time is automatically cancelled.

Summary

- The interest rules are generic across all taxes and duties.
- Interest is paid on overpayments and charged on underpayments.
- Interest is generally payable from the original date that the tax is due.
- Interest rates are determined on a market basis to encourage on-time payments.
- Interest paid to you is considered gross income (ie, income to be returned in your income tax return).
- The interest you pay is deductible.

Provisional tax payers

The interest rules don't override specific provisional tax rules such as:

- dates from when interest applies
- the criteria used to establish who is a provisional tax payer.

The interest rates applying to provisional tax are the same as those for all taxes and duties.

Penalties in general

The law clearly sets out the purpose of the tax penalties, which are to:

- encourage taxpayers to comply voluntarily with their tax obligations and to cooperate with us
- ensure that penalties for breaches of tax obligations are imposed impartially and consistently
- effectively penalise non-compliance with tax obligations at a level that is proportionate to the seriousness of the breach.

Failure to meet tax obligations may result in the imposition of civil penalties, criminal penalties, or both.

Penalties are not deductible for income tax purposes.

Civil penalties

A civil penalty is one that Inland Revenue imposes. The most common kinds of civil penalties are:

- late filing penalties
- non-electronic filing penalties
- late payment penalties
- shortfall penalties
- non-payment penalties for not paying *Employer monthly schedule (IR 348)* amounts.

Criminal penalties

Criminal penalties are imposed by a court of law if you're convicted for not complying with the tax laws. Penalties can be imposed for the following offences:

- absolute liability offences
- knowledge offences
- evasion or similar offences
- offences in relation to court orders
- obstruction
- offences committed by employees and officers
- aiding or abetting another person to commit an offence.

Rules for imposing penalties

A single breach may result in both a civil and a criminal penalty. For example, tax evasion may be subject to both types of penalty.

Only one shortfall penalty can be imposed for each tax shortfall. If a tax shortfall attracts more than one penalty, the highest of those penalties is imposed. However, if your tax shortfall is subject to non-payment penalties, these may be charged on a monthly basis.

Civil penalties can be imposed after prosecution for an offence, whether or not the prosecution is successful.

However, a taxpayer will not be prosecuted for an offence if a shortfall penalty has already been imposed. If the shortfall penalty charged is a non-payment penalty, we may still prosecute.

Standard of proof

The standard of proof for imposing civil penalties is the civil standard of “on the balance of probabilities”. This means there must be a reasonable degree of probability the offence was committed.

In the case of criminal penalties imposed by the courts, a higher standard of proof is required—it must be proven “beyond reasonable doubt” that the offence was committed.

Onus of proof

If you challenge the imposition of a civil penalty, except for evasion and obstruction, the onus is on you to prove that we’re wrong.

For a civil penalty for evasion or obstruction, the onus of proof rests with us, as it does for criminal offences.

Due dates for paying penalties and reassessed tax

Penalty	Due date
Late payment penalties	The day after the due date (initial 1%), seven days after the due date (initial 4%), one month after the due date (incremental 1%)
Late filing penalties for:	
Income tax returns	The later of 30 days after notification, or various dates as set out in the Tax Administration Act 1994
GST returns	28th of the month following the month the return was due, except where it would normally be due on: <ul style="list-style-type: none"> • 28 January, it is due 15 February, and • 28 May, it is due 7 June
Employer monthly schedules (EMS)	<ul style="list-style-type: none"> • for employers whose gross annual PAYE is \$500,000 or more are due on the 5th of the month following the month the schedule was due • for employers whose gross annual PAYE is less than \$500,000, are due on the 20th of the month following the month the schedule was due
Tax increased by an assessment or reassessment	At least 30 days from the date a notice of assessment or reassessment is issued
EMS non-payment penalty	The date of our notice if it's the first penalty, or one month after the preceding penalty if it's the second or subsequent penalty
Shortfall penalties	At least 30 days from the date a notice of assessment or reassessment is issued
Non-electronic filing penalty	The 5th of the month following the month in which the employer monthly schedule was due
Shortfall penalties payable by company officers	At least 30 days from the date a notice of assessment or reassessment is issued
Repayment of an excess refund or credit of tax	The later of 30 days after the date of notification requiring payment, or the date specified in the notice
Imputation penalty tax and dividend withholding penalty	20 June following the end of the imputation year
Deferrable tax	The 30th day after the day the relevant matters are settled

Late filing penalties

The law requires you to file your tax returns by their due dates. If you don't, you may have to pay a late filing penalty.

Types of returns affected

Late filing penalties currently apply to:

- income tax returns IR 3 and IR 4
- the *Employer monthly schedule (IR 348)*
- GST returns (GST 101 and GST 103).

For income tax returns, a penalty may be charged if:

- we tell you a return is required and you don't file it
- you don't give us a valid reason for not filing your return, and
- you don't have an extension of time to file.

We'll notify you either by letter or by public notification 30 days before charging this penalty.

The penalty for GST returns and employer monthly schedules may be imposed automatically and we'll notify you when we've done this.

How much is the penalty?

Income tax returns

The amount of a late filing penalty depends on your net income. Net income is gross income less allowable deductions, before any net loss offsets.

If you haven't filed your return yet, the penalty is based on the amount of net income shown in your previous year's return. When you file the late return the penalty will be adjusted in line with the actual net income figure shown on that return.

Net income	Penalty
Less than \$100,000	\$50
\$100,000 to \$1 million	\$250
More than \$1 million	\$500

GST returns

Accounting basis (as at return due date)	Penalty
Payments	\$50
Invoice	\$250
Hybrid	\$250

Employer monthly schedules

The late filing penalty is \$250.

Student loans

For tax years beginning on or after 1 April 2012 a late filing penalty may be charged if you don't provide the income information required to calculate your repayment obligation.

The late filing penalty is based on your net income.

Net income	Penalty
Less than \$100,000	\$50
\$100,000 to \$1 million	\$250
More than \$1 million	\$500

For more information go to www.ird.govt.nz/studentloans

How to extend the filing date

If you're unable to file your income tax return by the due date you may apply for an extension of time (EOT) to file it.

When requesting an EOT, you should state the return period concerned and your reasons for requesting it. Acceptable reasons include circumstances beyond your control, such as illness or accident, and being unable to obtain the information needed to complete your return.

If you get a late filing penalty before you apply for an EOT, or before you become a client of a tax agent who has an EOT arrangement with us, the penalty will stand. Similarly, if your agent's EOT is withdrawn, you'll be notified that your return is now due. If you don't file it by the date given, we may impose a late filing penalty. If you need an EOT to file your income tax return, please call us on 0800 377 771.

Note

Extensions of time can't be granted for employer monthly schedules or GST returns.

Payment due dates for late filing penalties

Once a late filing penalty has been imposed, it must be paid by the later of the following dates.

Income tax returns:

- 30 days from the date of the statement of account advising you of the penalty
- the end-of-year tax payment due date, usually 7 February (7 April if you have a tax agent).

Example 1

In August 2011 we send Shane (who doesn't use a tax agent) a reminder to file his outstanding 2011 IR 3 income tax return. The reminder tells Shane his return is overdue and he'll get a late filing penalty in 30 days' time if he doesn't file the return.

Shane doesn't file the return by the end of the 30-day period, and is sent a statement of account for the penalty. The due date for payment of the penalty is 7 February 2012, which is also the due date for Shane's end-of-year tax.

GST returns:

- the 28th day of the month following the month the GST return was required to be filed in.

There are two exceptions:

- where the late filing penalty would normally be due on 28 January, it's actually due on 15 February
- where the late filing penalty would normally be due on 28 May, it's actually due on 7 June.

Employer monthly schedules:

- for employers whose total PAYE and ESCT (employer superannuation contribution tax) is \$500,000 or more a year, the 5th of the month following the month the schedule was due
- for employers whose total PAYE and ESCT is less than \$500,000 a year, the 20th of the month following the month the schedule was due.

If you don't pay a late filing penalty by the due date, late payment penalties and interest may be charged.

Example 2

Mike's GST return for the month ending 31 May 2011 was due by 28 June 2011. He uses the invoice accounting basis. He doesn't file the return and a late filing penalty of \$250 is automatically imposed. Mike is sent a notification of the penalty and statement of account. The due date for payment of the penalty is 28 July 2011.

Example 3

Sonia's employer monthly schedule for the month ending 31 July 2011 was due by 20 August 2011. She doesn't file the schedule and a late filing penalty of \$250 is automatically imposed. No prior notification is given but she is sent a statement of account for the penalty. As Sonia files her schedules monthly, the due date for payment of the penalty is 20 September 2011.

Electronic filing

Employers whose annual PAYE and ESCT deductions were more than \$100,000 in the previous year must file their *Employer monthly schedule (EMS/IR 348)* electronically.

Exemptions may be granted in certain circumstances. Please call us on 0800 377 772 for more information about exemptions.

If you're required to file your EMS electronically and you don't, a non-electronic filing penalty may be imposed. The penalty is the greater of \$250 or \$1 for each person employed at any time during the month the EMS relates to.

The non-electronic filing penalty must be paid by the 5th of the month following the month the EMS was due.

Approved issuer levy

If the approved issuer levy (AIL) is not filed by the due date, zero-rated AIL is not available. AIL will be payable at 2% on interest payments from all securities. Interest and penalties will also apply.

Example

Corporation Ltd's June 2011 AIL return was due by 20 July 2011. They are able to apply the zero rate of AIL to bond interest of \$100,000, saving \$2,000.

As the return and payment wasn't filed until 30 September 2011, they could no longer use the zero rate for the \$100,000. Instead they had to use the standard rate of 2% (\$2,000).

The payment will also incur late payment penalties and interest.

Late payment penalties

If you don't pay your taxes, levies and duties by their due dates, you may have to pay late payment penalties.

Late payment penalties consist of:

- initial penalties for paying tax late, and
- monthly incremental penalties on any amounts that remain unpaid.

It's a good idea to contact us before your payment due date, if you feel you may have difficulty paying this, as we may be able to reduce the amount of penalties charged.

Note

For information about student loan late payment interest and student loan late payment penalties go to www.ird.govt.nz/studentloans or read our factsheet *Late payment and filing penalties (IR 741)*

Late payment penalty grace period

Everyone is eligible for one "grace period" for late payment penalties. You may be given a further month from the issue date of the grace period letter to pay overdue amounts, before late payment penalties are charged.

If the overdue amounts are not paid by the further date, late payment penalties are charged from the original due date.

Customers are eligible for another grace period if they have paid on time for two years. The due date missed will be the basis for the two-year period.

The grace period recognises that customers who usually file and pay on time may occasionally miss a payment due date.

This grace period doesn't apply to child support, student loans, KiwiSaver, tax credits or provisional tax due dates.

For more information on the late payment penalty grace period, go to www.ird.govt.nz (keywords: grace period).

How the penalties are calculated

The initial late payment penalties are calculated on the amount of tax that was paid late or remains unpaid. The monthly incremental penalties are calculated on the amount of outstanding tax plus the initial late payment penalties that were imposed.

Late payment penalties are not charged on unpaid tax of \$100 or less. These penalties also don't apply to student loan or child support payments.

The amount of the penalty

If you don't qualify for a grace period, initial late payment penalties are applied in two stages:

- an initial 1% late payment penalty will be charged on the day after the due date
- a further 4% penalty will be charged if there is still an amount of unpaid tax (including penalties) at the end of the 7th day from the due date.

Every month the amount owing remains unpaid, a further 1% incremental penalty will be added.

Note

Interest will be charged on amounts that are not paid by the due date, including all penalties.

When penalties start

Late payment penalties start from the day after the due date for payment.

If the tax due is increased as the result of a reassessment, it's usual for a new due date to be set for paying the newly assessed tax. There will be no late payment penalty imposed on the newly assessed tax if it's paid by the new due date.

Note

Interest will be charged from the original due date.

Instalment arrangements

If you're not in a position to make payment in full, you can contact us to arrange to pay your tax in instalments. You can do this before or after the due date.

Before the due date

If you contact us before the due date to enter into an instalment arrangement, only the initial 1% late payment penalty will be applied. We won't charge you any further late payment penalties as long as you make the agreed payments on time each month.

After the due date

If you make an arrangement on or after the due date, the initial late payment penalties of 1% and 4% will be charged. Any incremental penalties imposed up to the date you request an arrangement are also payable. As long as you meet your monthly arrangement obligations, no other incremental penalties will be imposed. The instalment arrangement will use a late payment grace period and another grace period won't be granted until a further two years of payments are made on time.

Note

Interest will still be charged on amounts outstanding after the due date. Any interest charged during the instalment arrangement remains due and is payable as part of the overall instalment arrangement amount.

Student loans

We'll charge late payment interest (formerly late payment penalty) at the reduced rate on unpaid amounts of \$334 or more, for each month you keep to the instalment arrangement. For any months you don't keep to it, we'll charge late payment interest at the full rate. For more information on the late payment interest rate, go to www.ird.govt.nz (keywords: reduced late payment interest).

Note

From 7 February 2013, student loan borrowers won't be able to borrow through the Student Loan Scheme if they have \$500 or more in default at the time of their application, and at least some portion of the amount has been overdue for a year or more. This applies to all new student loan applications received on or after 7 February 2013 and includes all unpaid repayment obligations, late payment interest, penalties, and amounts under instalment arrangement, regardless of whether the borrower had a loan before.

Non-payment of employer monthly schedule (EMS) penalty

If the amount owing from an *Employer monthly schedule* (IR 348) isn't paid by the due date, we'll send you a reminder letter. If the overdue amount isn't paid or an instalment arrangement entered into, we'll charge you a non-payment penalty (NPP). Late payment penalties and interest still apply.

Every month an amount remains outstanding we'll charge you a further NPP. If, within a month of the penalty date you don't pay in full or enter into an instalment arrangement, the non-payment penalty will be 10% of the unpaid tax. If you do pay in full or enter into an instalment arrangement within that month, the non-payment penalty will be at a reduced rate of 5% of the unpaid tax.

NPPs aren't charged on outstanding amounts of less than \$100 or if you make payments under an instalment arrangement. The total amount of NPP won't exceed 150% of the returned amount that is unpaid when the first penalty was imposed.

Example

Tom filed his EMS for the period ended 30 June 2011, but didn't make the payment that was due on 20 July 2011. Interest and late payment penalties (LPPs) were calculated as normal.

Tom received a reminder letter (in August) asking him to make full payment or enter an instalment arrangement. Otherwise, non-payment penalties (NPP) would be charged.

Tom didn't pay within one month and was liable for an NPP. Tom made a full payment in the following month (September) so was only charged a 5% NPP.

EMS assessment	20 July
Initial LPP 1%	21 July
LPP 4%	28 July
Reminder letter sent	21 August
Incremental LPP 1%	21 August
NPP 5%	21 September
Incremental LPP 1%	21 September
Full payment	25 September

Remission of penalties

We can remit penalties only in very limited circumstances. Remission means the penalties are legally waived and are no longer payable.

There are two grounds for remission:

1. **Reasonable cause**—we may remit a penalty if the reason for late filing, non-electronic filing or late payment was beyond your control. This means that it must be reasonable for an average person in the same position not to have complied. The term “reasonable” must be applied to the event or circumstance.
2. **Collection of highest net revenue over time**—we’re required by law to collect, over time, as much revenue as possible, ideally through voluntary compliance by all taxpayers. In some circumstances the remission of penalties will be consistent with this legal duty, eg, where a penalty is charged because of:
 - a genuine error
 - a “one-off” situation
 - incorrect advice from us that directly resulted in the non-compliance.

You can apply for remission in writing or by calling us. We’ll consider your application only when the return has been filed and/or the tax has been paid. You must state the reasons for the late payment or filing and be prepared to produce any information we need to consider your request.

Shortfall penalties

Shortfall penalties apply to most taxes and duties except child support repayments by liable parents. For tax years beginning on or after 1 April 2012 shortfall penalties also apply to student loans if a corresponding shortfall penalty has been charged for income tax.

A shortfall penalty is imposed as a percentage of a tax shortfall (a deficit or understatement of tax), resulting from certain actions on the part of a taxpayer. The law divides these actions into five categories of fault, with a specified penalty rate for each category.

The five categories are:

1. not taking reasonable care
2. unacceptable tax position
3. gross carelessness
4. adopting an abusive tax position
5. evasion.

The penalty increases in proportion to the seriousness of the fault.

Fault	Standard penalty (% of tax shortfall)
Not taking reasonable care	20%
Unacceptable tax position	20%
Gross carelessness	40%
Abusive tax position	100%
Evasion	150%

Not taking reasonable care

Tax laws require you to take reasonable care in meeting your tax obligations.

Generally, this means you must take the same care that a reasonable person in the same circumstances would take. The standard doesn't require perfection on your part.

The penalty for not taking reasonable care is 20% of the tax shortfall with a maximum shortfall penalty of \$50,000.

The \$50,000 cap applies to tax shortfalls identified through voluntary disclosure or our audit within a certain period, being the greater of:

- three months, or
- the lesser of:
 - one return period, or
 - six months.

For business taxpayers, reasonable care means adequate record-keeping systems and procedures to ensure that income and expenditure are properly recorded. An arithmetical error doesn't necessarily indicate not taking reasonable care.

A reasonable person would be expected to seek professional advice if they were uncertain about how to apply the law. However, the same standards of providing accurate and adequate information still apply—you must still give your tax agent the right information. If you don't, you may get a penalty.

Different circumstances

To decide if someone has taken reasonable care, we take several circumstances into account. These include:

- the complexity of the law and the transaction, and the difficulty of interpreting the law
- the amount and seriousness of the shortfall
- the difficulty and expense of taking precautions against such a shortfall occurring
- the age, health and background of the taxpayer concerned.

Other circumstances that may be taken into account for businesses include:

- the size and nature of the business
- the internal controls in place
- the business's record-keeping practices
- any systems failures (although the reason for the failure is also considered).

Reasonable care – how different circumstances are taken into account

Example 1

- a. Susie is a salary earner who makes handmade notebooks at home during the evenings and sells them at local markets on weekends. Susie sets up a cashbook to record her income and expenditure, but sometimes forgets to record her weekly sales in her cashbook. An audit by us reveals a tax shortfall.

Susie gets a penalty of 20% of the tax shortfall for not taking reasonable care. Failing to record sales carefully is not taking reasonable care.

- b. Once, Susie sold a few of her notebooks to a neighbour and forgot to record it in the cashbook. She had, however, recorded all her regular weekly sales during the year. When preparing her tax return at the end of the year, Susie forgot the one-off sale to her neighbour.

Susie doesn't get a penalty in this case because the oversight is minor and doesn't detract from her generally careful approach to record keeping.

Example 2

Walter runs his own carpet-laying business. When Walter completes his GST return he claims a credit for each invoice held for the GST period. An audit by us reveals several of the invoices for one GST period are clearly not tax invoices because the suppliers didn't charge GST.

Walter has a computerised bookkeeping system that can override automatic claims of input credits, but he doesn't use it.

The penalty for not taking reasonable care is warranted in this case. Walter claimed GST on all invoices, whether or not they were supplied by GST-registered suppliers. If Walter had taken reasonable care he would have checked the invoices before entering them into his system.

Example 3

- a. Mark has a new general maintenance business that is growing rapidly. Mark uses an accounting system to help prepare his tax return. However, this accounting system has not kept pace with his expanding business.

We audit Mark's business and find several amounts of income have been omitted from his tax return. There are also overstated claims for deductions. The resulting tax shortfall could have been avoided if Mark had kept proper records.

Mark incurs a penalty of 20% of the tax shortfall for not taking reasonable care.

- b. Mark discovers the inadequacies of his accounting system before the end of the tax year and remedies them. The discrepancies involved are small, and no errors occur after the new accounting system is set up.

No penalty is charged. Mark realised that the accounting system could no longer meet the demands of his growing business and took positive steps to resolve the problem as soon as it became apparent. This action meets the standard of reasonable care.

Arithmetical errors

An arithmetical error in a tax return doesn't necessarily mean failure to take reasonable care.

In determining if you've taken reasonable care, we'll consider:

- the procedures you had in place to detect arithmetical errors
- the size, nature and frequency of the error
- the circumstances in which you made the error.

Example: Arithmetical error not penalised

Max runs a nationwide outdoor equipment retail chain. During a stocktake of over 2,000 categories of stock, one of Max's employees transposes the cost price of one category. Max's normal checking procedures don't detect the error, but it comes to light during an audit by us. The error is small in relation to the entire stock figure.

No penalty is charged. Max took reasonable care in carrying out the stocktake, the procedures he has in place would normally have picked up the error, and there was only a small amount of tax at stake.

Interpreting the law

You must also take reasonable care in interpreting the law. If you're uncertain about the interpretation you're adopting you should ask a tax agent or contact us.

For questions of interpretation of law, reasonable care depends on:

- the efforts you made to resolve the question
- the type of advice you received
- the certainty of the law.

You're unlikely to have breached the reasonable care standard if either of the following circumstances apply:

- you've relied on information that, although misleading, came from reputable sources, or
- a reasonable person in the same circumstances would be likely to find the relevant information extremely complex or specialised.

If you rely on the advice of tax advisors or us, you'll usually be considered to have taken reasonable care. However, this doesn't apply if you:

- are the employer of the tax advisor
- didn't provide adequate information to the tax advisor in relation to the tax position
- didn't provide adequate instructions to the tax advisor in relation to the tax position
- had reason to believe that the action or advice was incorrect
- in the four years prior to the tax position, had a tax shortfall for the same type of tax arising from a similar tax position and didn't take reasonable care to avoid the further tax shortfall.

In other words, you don't satisfy your obligations to take reasonable care simply by using the services of a tax advisor. You're still responsible for maintaining proper tax records during the year and for giving your advisor all the relevant facts. You're expected to answer honestly any questions about your return that the advisor asks you.

Example: Not giving your advisor all the facts

David, a dairy farmer, has a small cottage on his property that he lets to a student. He doesn't consider the rent taxable income. David doesn't inform his accountant of the rental income and the accountant omits it from his end-of-year accounts and tax return.

David is charged a penalty for not taking reasonable care. Under general law principles, a reasonable person in the same circumstances would be expected to check with their advisor about the taxable status of the rental income.

Unacceptable tax position

The legal definition of an unacceptable tax position is one that fails to meet the standard of being, as likely as not, correct.

This means the position taken need not necessarily be the correct position, or one that has a 50% chance of success, but must be one capable of being seriously considered by a court.

The penalty for a tax shortfall resulting from an unacceptable tax position is 20% of the resulting tax shortfall.

When is a penalty charged?

A penalty will be charged if all the following conditions are met.

- The tax shortfall resulted from a tax position that wasn't likely to be corrected.
- The tax shortfall exceeds both \$20,000 and the lesser of \$250,000 or 1% of your total tax figure for the relevant return period. For example, if your total tax was \$30 million, the \$250,000 cap would apply, since 1% of \$30 million is \$300,000.

For tax positions taken on or after 1 April 2008 a penalty will be charged where:

- the tax shortfall resulted from an income tax position that was about as likely as not to be correct, and
- the tax shortfall exceeds both \$50,000 and 1% of the total tax figure for the relevant return period.

The purpose of this standard is to establish higher standards for tax positions where a large amount of tax is being considered. This is why thresholds have been adopted for the amount of tax involved.

Discretion to not impose the unacceptable tax position penalty

We have discretion to not impose the unacceptable tax position penalty when certain criteria are met. For the penalty not to be imposed:

- the shortfall must have resulted from a clear mistake or simple oversight
- the shortfall must either be:
 - voluntarily disclosed before you're notified of a pending audit or investigation, or
 - a temporary tax shortfall
- you're not liable to pay the penalty
- the shortfall arose between 1 April 2003 and 31 March 2008.

We'll consider whether discretion applies to your case.

You haven't taken an unacceptable tax position if the tax shortfall is the result of a calculation mistake or by misrecording numbers on a return.

Example: Unacceptable tax position

When Kate completes her latest tax return, she claims the purchase of an expensive item as deductible expenditure. Kate contends that, in terms of tax law, the item is deductible.

After an audit, we consider that, under the law, the particular item is clearly capital expenditure, a position supported by case law.

Kate can't demonstrate that her interpretation of the law was "about as likely as not" to be correct, so she doesn't have an acceptable tax position. Kate's actions result in a penalty of 20% of the tax shortfall.

Partnerships

To establish whether a tax shortfall incurred by a partnership is over the threshold for charging a penalty, the partnership is treated as a single entity. Shortfalls relating to the partnership activities are added together and the total is compared with the threshold.

Example: How a partnership shortfall resulting from an unacceptable tax position will be applied

Walter and Mark have formed a two-person partnership. Each partner's tax position includes income from partnership activities on which tax of \$600,000 is payable.

An audit by us reveals a tax shortfall of \$27,000 in each partner's income from the partnership activities. The shortfalls are the result of an unacceptable tax position.

In applying the threshold, Walter and Mark's tax positions are amalgamated. The total tax on the amalgamated tax position is \$1.2 million, and the amalgamated tax shortfall is \$54,000.

Because the amalgamated tax shortfall is over \$50,000 and more than 1% of the partnership's total taxable income, a penalty will apply.

Walter and Mark are each individually assessed for \$27,000 tax plus a \$5,400 penalty for having an unacceptable tax position of the law (20% standard penalty for an unacceptable tax position).

Trusts

A tax shortfall arising from a trust is assessed as trustee income and the trustee receives any penalties. This is because the trust is a separate legal entity and the trustee is liable for tax on any income that isn't beneficiary income.

Joint ventures

Shortfall penalties are imposed on joint ventures separately.

Resolving disputes

If we decide your tax position is unacceptable, you have the right to disagree. If you disagree and use the disputes resolutions procedures, the case is referred to our Adjudication Unit for further consideration before assessments are issued. If you still disagree, you have the normal rights of review through the courts.

Gross carelessness

In tax matters, "gross carelessness" is behaviour that demonstrates a high degree of carelessness and disregard of the consequences. It is conduct that creates a high risk of a tax shortfall occurring, which would have been foreseen by a reasonable person in the same circumstances. It doesn't matter whether you were unaware of being grossly careless or intended to be so.

The penalty for gross carelessness is 40% of the resulting tax shortfall.

Example 1

Nicky has been so busy with her cleaning business she hasn't found the time to establish and maintain accurate records of the income she's earned. Nicky did set up a cashbook at the beginning of the year, but didn't record her income at regular intervals.

At the end of the year Nicky estimates the income she earned, but substantially understates it. She has been grossly careless in that, by her actions, there was a high risk she would understate her income. Nicky is charged a penalty of 40% of the tax shortfall.

Example 2

As a busy company manager Jim doesn't carry out a stocktake at year's end. Instead, he estimates the value of the stock and records that figure in the accounts. The result is a tax shortfall. Jim incurs a penalty of 40% of the tax shortfall. Under general legal principles, a reasonable person would have been aware there was a high risk of a tax shortfall from not carrying out a proper stocktake.

Adopting an abusive tax position

The penalty for taking an abusive tax position is 100% of the resulting tax shortfall. The purpose of the penalty is to deter taxpayers from entering into arrangements for the main purpose of avoiding tax.

An abusive tax position is one that:

- is based on an unacceptable tax position, and
- has tax avoidance as a dominant purpose.

For tax positions taken before 1 April 2008, an abusive tax position is also one that results in a tax shortfall of more than \$20,000.

There are several signs that a dominant purpose of a tax position or scheme is to avoid tax. They include artificiality, contrivance, circularity of funding, concealment of information and unreliable interpretations of the law.

Promoter penalty

If an arrangement is offered, sold, issued or promoted to 10 or more people in a tax year and it involves an abusive tax position, the promoter will be liable for a promoter penalty. The penalty will be the sum of the tax shortfalls the investors could have obtained. So, if the arrangement affects income tax, the promoter penalty is calculated on the maximum tax-related benefits of each investor at the highest applicable rate.

Evasion

Tax evasion may involve:

- evading the assessment or payment of tax, on your own or another's behalf
- using deducted tax for anything other than its lawful purpose
- knowingly failing to make a legally required deduction or withholding tax
- knowingly obtaining a refund or payment of tax when you aren't lawfully entitled to that refund or payment
- enabling someone else to obtain a refund or payment of tax, knowing that the other person isn't entitled to this payment or refund.

The penalty for evasion or a similar act is 150% of the resulting tax shortfall.

Before imposing the shortfall penalty, we may consider prosecuting for evasion. The penalty is imprisonment for up to five years and/or a fine of up to \$50,000 (see page 40).

Example 1

Kim's beauty therapy business needs new furniture for its reception area. Kim also intends to replace her lounge suite at home. Kim arranges with her supplier to invoice all of the furniture, including that meant for her home, to the beauty therapy business. Kim falsifies details on the invoices to show the delivery details to be her business premises so she can claim GST on it.

Kim has deliberately tried to claim a GST credit that she isn't entitled to, and it attracts a penalty of 150% of the tax shortfall. Before imposing the shortfall penalty we would consider prosecuting Kim for knowingly providing false information to evade tax.

Example 2

Stacey deducts PAYE from her employees' salaries. On the 20th of the following month she sends her employer monthly schedule to us, but doesn't account for the tax deductions. Stacey has previously been prosecuted for failing to account for deductions and has also been charged penalties.

Stacey has knowingly failed to account for the tax deductions she made, so she incurs a penalty for evasion. Before the shortfall penalty is imposed Stacey can also be prosecuted for knowingly using tax deductions for other than their lawful purpose.

Employees' responsibilities

An employee, acting on behalf of their employer, may be subject to a penalty if they knowingly fail to deduct or withhold tax for their employer, or use it for anything other than payment to us. In practice, a senior employee who issues an order to do this may be held accountable.

How penalties can be reduced or increased

Shortfall penalties may be reduced or increased under certain circumstances.

Reduction of penalties for previous behaviour

For tax positions taken on or after 1 April 2000, a shortfall penalty may be reduced if you've a past record of good behaviour. For example, a shortfall penalty which has been imposed for:

- not taking reasonable care
- taking an unacceptable tax position
- gross carelessness, or
- taking an abusive tax position

may be reduced by 50% if you haven't been liable to pay a shortfall penalty within the previous four years. For PAYE, FBT, GST and/or RWT, the four-year period is reduced to two years.

When considering whether or not to reduce the penalties, only shortfall penalties imposed for the same tax type are taken into account. For example, a shortfall penalty imposed for PAYE in the last two years won't prevent a shortfall penalty relating to FBT being reduced for good behaviour. In addition:

- penalties reduced as a result of voluntary disclosure aren't taken into account
- a shortfall penalty for not taking reasonable care and for taking an unacceptable tax position aren't counted in determining whether a shortfall penalty for gross carelessness or taking an abusive tax position should be reduced for good behaviour
- a penalty imposed for tax shortfalls identified in the same investigation or voluntary disclosure is treated as a single penalty.

Some convictions may result in the previous behaviour reduction not being applied. If this conviction is recorded within a specified period there will be no reduction of a shortfall penalty. If the conviction is recorded outside the specified period a reduction of shortfall penalties for previous behaviour may apply.

From 21 December 2004 consideration must also be given to disqualifying offences before allowing the 50% reduction. Disqualifying offences are convictions in a court on or after 26 March 2003.

Some convictions result in removal of the good behaviour reduction from all tax types for any future period.

Making a voluntary disclosure before an audit starts

You can reduce a shortfall penalty by making a full voluntary disclosure of all details of the shortfall, either:

- before you receive the first notice of a pending audit or investigation by us, in which case the penalty will be reduced by 75%, or 100% if the tax shortfall was due to not taking reasonable care, taking an unacceptable tax position or an unacceptable interpretation, or
- after the first notification but before the audit or investigation begins, for which the penalty will be reduced by 40%.

For registration checks and other unannounced visits by us, the date of first contact will be the date of notification. So, if you make a voluntary disclosure during the visit, any resulting penalty will be reduced by 40%.

If, during an audit by us of one tax type, you disclose a discrepancy in another tax type, any penalty for the second tax will be reduced by 100% if you weren't notified that it would also be audited.

How to make a voluntary disclosure

You can make a voluntary disclosure at any time in writing or by calling us.

If you want to make a disclosure in writing, you can use either a *Voluntary disclosure (IR 281)* form or a *Notice of proposed adjustment (IR 770)*, or you can write us a letter. Please note that an IR 770 can only be used if you're adjusting a return you've already filed.

For further information see our guide *Putting your tax returns right (IR 280)*.

Disclosure at the time of filing

You can make a disclosure relating to an unacceptable or abusive tax position when filing your tax return.

Your disclosure must be made using the *Statement in support of a tax interpretation (IR 282)* form.

Obstruction

A shortfall penalty may be increased by 25% for obstructing an Inland Revenue officer.

Obstruction may include:

- refusing reasonable access to your business premises
- destroying relevant records
- lying and falsifying details
- deliberate delays to frustrate enquiries.

There is also a criminal penalty for obstruction (see page 40).

It is not obstruction to exercise your legal rights, contest an assessment or maintain an opinion contrary to that of Inland Revenue.

Temporary shortfall penalties

A penalty for a tax shortfall will be reduced by 75% if you've permanently reversed or corrected the shortfall, within four years from the date you took the tax position.

If it looks like the steps you've taken will remedy the tax shortfall, or the matter will reverse itself through operation of law or circumstances, you may qualify for a reduced penalty for a temporary shortfall.

You need not have filed a return containing the reversal before notification of an audit, but we must be satisfied that, had the following return been received, the reversal would have been made.

Example: Temporary shortfall

Clayton, a property developer, enters into an unconditional sale and purchase agreement to sell his block of townhouses. He uses the invoice basis to account for GST.

The GST return for the period ended 31 May 2011 was audited and it was noted that only the deposit had been returned.

Clayton advises that he's going to return the balance of the sale in the next return because that is when he'll receive the balance of the property sale.

As the time of supply (for GST purposes) occurred on receipt of the deposit, there's a tax shortfall for the balance of the property sale not returned.

Clayton advised that he wasn't sure whether he should return the entire sale and had intended making an enquiry but just didn't get around to it. It's considered that a reasonable person in his position, when unsure, would have got advice before preparing his GST return. So, he's liable for a shortfall penalty for not taking reasonable care.

Clayton prepares his returns from his bank statements, therefore the internal system will pick up the receipt of the balance of the sale of the property. It's clear that the output would have been returned in the next period. So, the tax shortfall has been reversed, even though the following return hadn't been received, because of the timing of the audit.

In this case, the 75% reduction to the shortfall penalty would be warranted.

Limitation of reductions

If you're entitled to reductions for both a voluntary disclosure and a temporary shortfall, one reduction only will be allowed.

The reduction will be 100% of the tax shortfall penalty if it resulted from not taking reasonable care, taking an unacceptable tax position or an unacceptable interpretation and the voluntary disclosure is made before being notified of a pending audit or investigation.

The reduction will be 75% of the shortfall penalty if it resulted from gross carelessness, an abusive tax position or evasion.

Example: How a shortfall penalty is calculated

Shortfall in income returned	\$ 10,000
Tax shortfall ($\$10,000 \times 0.28^*$)	\$ 2,800
Penalty at 20% ($\$2,800 \times 0.20$)	\$ 560

If the company makes a voluntary disclosure after notification and before commencement of the audit, the penalty is reduced by 40% (from 20% to 12%), making it \$336.

* The company tax rate is 28%.

Disputes

We'll usually issue a notice of proposed adjustment (NOPA) before assessing shortfall penalties. If we don't, you can dispute the assessment (but not the amount) through the disputes resolution procedures.

This process involves an adjudicator (an independent expert within Inland Revenue) who takes a fresh look at how the law applies to the facts of your case.

If you're dissatisfied with the decision of the adjudicator, you may take your case to the Taxation Review Authority or the High Court. The procedures for disagreeing with us about an assessment are outlined in our factsheet *If you disagree with an assessment (IR 778)*.

Criminal penalties

Criminal offences attract the same penalties regardless of the type of tax involved.

The penalties apply to all taxes and duties, including PAYE, GST, FBT, employers' deductions of child support, student loan repayments and KiwiSaver.

The following are the main types of offences and their associated penalties.

Absolute liability offences

Failing to keep the books and documents as required by law, failure to provide information (including tax returns and forms) to us and failure to issue a tax invoice within 28 days after a request is made, are absolute liability offences.

The penalties for conviction of an absolute liability offence are up to:

- \$4,000 for a first offence
- \$8,000 for a second offence
- \$12,000 for any subsequent offence.

Knowledge offences

Knowingly breaching a tax obligation may result in a conviction for several offences.

Such offences include knowingly:

- not keeping legally required books and documents
- not providing information, including tax returns and forms, when required to
- providing altered, false, incomplete or misleading information, including tax returns and forms
- not accounting to us for tax deducted or withheld
- not deducting tax when required to
- issuing two GST tax invoices for the same taxable supply.

If you didn't have the information requested, or failed to make or account for schedular payments for reasons beyond your control, you won't be prosecuted.

The penalties on conviction for knowledge offences are up to:

- \$25,000 for a first offence
- \$50,000 for a later offence.

However, the penalty for knowingly using tax deductions for any purpose other than payment to us is imprisonment for up to five years and/or a fine of up to \$50,000 for each conviction.

Evasion and similar offences

Certain actions are considered evasion offences if they are done to:

- evade the assessment or payment of tax by yourself or anyone else, or
- obtain a refund or payment of tax knowing you're not lawfully entitled to it, or
- enable someone else to obtain a refund or payment of tax in the knowledge that the other person isn't lawfully entitled to it.

Criminal offences relating to evasion include **knowingly** intending to evade tax by:

- not keeping legally required books and documents
- not providing information, including tax returns and forms, when required to do so
- providing altered, false, incomplete or misleading information, including tax returns and forms
- not making a legally required tax deduction.

It's also an offence to pretend to be another person for purposes relating to tax law.

The penalty for evasion offences is imprisonment for up to five years and/or a fine of up to \$50,000.

Offences relating to court orders

We can apply for a court order to get any information necessary to fulfil our statutory obligations. Anyone convicted of failing to comply with a court order may be sentenced to prison for up to three months, or fined up to \$1,000.

Obstruction

Obstructing us in carrying out our lawful duties, or in exercising our lawful powers, is an offence.

The penalty on conviction for obstruction is up to:

- \$25,000 for the first offence
- \$50,000 for subsequent offences.

Aiding or abetting

It is an offence to aid or abet someone else to commit an offence.

Conviction will result in the same penalty as that for the person who committed the principal offence.

Employees and officers

An employee, agent or officer of a taxpayer commits an offence if they were responsible for that taxpayer committing an offence.

The employee will face a penalty if the principal offence was:

- caused by an action or omission of the employee, or with the employee's knowledge, or
- evasion committed by the employee.

If convicted, the employee will face the same maximum fine or term of imprisonment as the principal offender, the taxpayer.

For an employee to be convicted, we have to prove **beyond reasonable doubt** that the employee has knowingly or intentionally committed the offence. Obviously, an employee who simply follows the instructions of a senior employee and doesn't know that a breach is being committed won't be penalised if the taxpayer is found to have committed an offence.

Services you may need

Need to talk to us?

Personal tax enquiries

General tax, tax credits and refunds	0800 227 774
Working for Families Tax Credits and payments	0800 227 773
Payment options	0800 227 771
Paid parental leave	0800 377 777
Child support (8 am to 6 pm Monday to Friday)	0800 221 221
Student loan	0800 377 778

Business tax enquiries

General tax, tax credits and refunds	0800 377 774
Employers	0800 377 772
GST	0800 377 776
Large enterprises	0800 443 773

Mobile or international callers

Free calling doesn't apply to mobile phones or international calls for other tax enquiries.

For direct dial numbers go to www.ird.govt.nz

Passwords – individuals only

Want a password on your account to save you time when calling?

Personal tax customers	0800 227 774
Business tax customers	0800 377 774

Complaints Management Service

(8 am to 5 pm Monday to Friday) 0800 274 138

We're here to take your call between 8 am and 8 pm Monday to Friday and Saturday between 9 am and 1 pm (unless other times are shown). Remember to have your IRD number with you when you call.

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 access to individuals' personal information, such as account balances, you'll need to be enrolled for voice ID or have a personal identification number (PIN). You can enrol for voice ID by calling 0800 257 843 and reset an existing PIN by calling 0800 257 777.

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

When you call our self-service numbers, we'll ask you to say why you're calling. Our speech recognition system will then direct you to a self-service line where you can get the information you want. If you need to talk to us, your call will go direct to an advisor who has the specific information to help you.

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)*.

How to make payments

You can make payments:

- electronically
- at a Westpac branch by cheque or electronically
- by using our drop box.

Electronic payments are made through your bank by:

- automatic payment
- online banking
- direct credit.

When making electronic payments, include:

- your IRD number
- a tax type code, eg, INC for income tax
- the period payment is for.

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.

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

Audits and investigations

If you're running a business you may be audited at some time. This involves our staff checking your records against the returns filed to make sure you've complied with your tax obligations.

Remember that you must keep all financial records of any taxable activity for seven years. We may ask you to keep the records for an additional period when auditing or investigating you.

If you want to know more about audit procedures, refer to our guide *Inland Revenue audits (IR 297)*.

Business tax information officers and kaitakawaenga Māori

Business tax information officers (BTIOs) offer a free business tax information service to new businesses and organisations to help them meet their tax responsibilities. This service is available to individuals and groups.

Most of our offices also have a kaitakawaenga Māori who can advise Māori organisations and individuals on their tax responsibilities. Our BTIOs and kaitakawaenga Māori will tell you:

- which taxes you need to know about
- what records you need to keep
- how to complete your tax returns (eg, GST and employer returns)
- when to file returns and make payments.

Find out more about these services and our free seminars at www.ird.govt.nz or by calling us on 0800 377 774.

Business Tax Update

Get all your business tax news in one newsletter. Our *Business Tax Update*, available online only, gives you tax updates on payroll, GST, FBT and other relevant tax issues. Subscribe through the newsletter page at www.ird.govt.nz/subscribe and we'll send you an email when each issue is published.

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).

