Inland Revenue

Build pack: Return Service—
Income Tax Additional Information

Date: 31/03/2020
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Contents

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1   Overview

1.1   This solution

Inland Revenue has a suite of digital services available for consumption by our service providers that supports efficient, electronic business interactions with Inland Revenue.

This Return Service - Income Tax Additional Information document is intended as an accompaniment to the Gateway Services Build Pack – Return Service – INC document, which describes the Income Tax Return Service. The two documents should be used in conjunction when developing and maintaining technical solutions for interacting with our Income Tax Return Service.

The additional information provided in this document is intended to support the technical information provided in the build pack. This additional information includes:
- the formulae and individual field items to use when calculating the various subtotalled amounts that are required throughout the income tax returns,
- the business rules that apply for the various tax and tax credit calculations (such as IETC), and
- the applicable income tax rates used for each return type and income year.

Additional information can also be found in the Income Return Guides located at www.ird.govt.nz

1.2   Intended audience

The solution outlined in this document is intended to be used by technical teams and development staff.

The reader is assumed to have a suitable level of technical knowledge in order to understand the information provided. A range of technical terms and abbreviations are used throughout this document, and while most of these will be understood by the intended readers, a glossary is provided at the end of this document.

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2   Income Tax operations – Additional Information

2.1   IR3 (Individual income tax return)

Field	Description
totalTaxDeducted	totalTaxDeducted = totalPAYEDeducted - ACC earners' levy - totalExtinguishedTCPDs (2019 onwards) Note: ACC earners levy is totalGrossIncome x ACC earners levy rate **Note:** There is a maximum amount of earnings on which earners levy is payable and maximum levy payable
ltcAdjustedIncome	ltcAdjustedIncome = ltcIncome totalIncome + ltcNonAllowableDeductions - ltcPriorYearNonAllowableDeductionsClaimed
taxCreditSubtotal	taxCreditSubtotal = totalTaxDeducted + taxDeductedFromSchedularPayments + interestIncome totalTaxPaid + dividendIncome totalRWTCredits + maoriAuthorityDistributions totalMACredits + pieIncome totalTaxCredits (2019 onwards) + totalTaxPaidByTrustees + partnershipIncome totalTaxCredits + ltcIncome totalTaxCredits + shareholderAIMTaxPaid (2020 onwards) + rlwtCredit (2017 onwards)
residentialRentalIncome netIncome	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
residentialRentalIncome excessDeductionsCarried Forward	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) – residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
totalTaxableIncome	totalTaxableIncome = totalGrossIncome + netSchedularPayments + interestIncome totalIncome + dividendIncome totalGrossDividends + maoriAuthorityDistributions totalMADistributions + totalEstateOrTrustIncome

Field	Description
	+ totalTaxableDistributionFromNCTrusts + overseasIncome totalIncome + partnershipIncome totalIncome + ltcAdjustedIncome + pieIncome totalIncome (2019 onwards) + totalShareholderEmployeeSalary + residentialRentalIncome netIncome (2020 onwards) + netRentalIncome + selfEmployedIncome + saleOfProperty (2019 onwards) + otherIncome - otherExpenses - lossesClaimedThisYear Note: Field can be reflected as negative amount
amountOfIETCClaimed	"Annual net income" = totalTaxableIncome + lossesClaimedThisYear If "Annual net income" > \$24,000 and <= \$44,000 Then amountOfIETCClaimed = \$520 X numberOfQualifyingMonths / 12 Else If "Annual net income" > \$44,000 and <= \$48,000 Full year Abatement = (Annual net income - \$44,000) * 0.13 Then amountOfIETCClaimed = (\$520 - Full year Abatement) X numberOfQualifyingMonths / 12 Otherwise zero

taxOnTaxableIncome	Where totalTaxableIncome is a negative amount
	then
	    taxOnTaxableIncome is 0 (zero)
	Otherwise
	    calculate using Individual Tax Rates
	
	Note Need to exclude totalTaxableDistributionFromNCTrusts from totalTaxableIncome when calculating taxOnTaxableIncome. This is then calculated in residualIncomeTax

residualIncomeTax	residualIncomeTax = taxOnTaxableIncome + (totalTaxableDistributionFromNCTrusts x Non complying trust rate) - amountOfIETCClaimed - overseasIncome totalTaxPaid

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Field	Description
	- dividendIncome totalImputationCredits - imputationBroughtForward - researchAndDevelopment nonrefundableCredit (2020 onwards) Where the sum of the above fields is: • negative (a loss) then = 0 (zero) • positive then = sum of the key points Then deduct refundable tax credits - researchAndDevelopment refundableCredit (2020 onwards) - taxCreditSubtotal
Student Loan Assessment Calculation	Student Loan Assessment = (*Adjusted net income – Unused repayment threshold*) * Repayment rate, where: *Adjusted net income =* totalGrossIncome (Include + netSchedularPayments + interestIncome totalIncome + dividendIncome totalGrossDividends + maoriAuthorityDistributions totalMADistributions + totalEstateOrTrustIncome + totalTaxableDistributionFromNCTrusts + overseasIncome totalIncome + partnershipIncome totalIncome + ltcAdjustedIncome + totalShareholderEmployeeSalary + residentialRentalIncome netIncome (2020 onwards) + netRentalIncome + selfEmployedIncome + saleOfProperty (2019 onwards) + otherIncome - otherExpenses = Adjusted net income prior to Student Loan RPIR adjustment. If 'Adjusted net income prior to Student Loan RPIR adjustment is a negative value, set it to 0." + Total adjusted net income for Student Loans = Student Loan net adjusted income. Student Loan adjusted net income = + amountOfLosses (IR215) + attributableTrusteeIncome (IR215) + attributableFringeBenefits (IR215) + nonLockedInPIEIncome (IR215)

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Field	Description
	+ pensionsAndAnnuities (IR215)
	+ incomeEqualisationMainSchemeDeposits (IR215)
	+ taxExemptIncome (IR215)
	Net adjustment for share of company income
	+ distributionsFromRetirementSavings (IR215)
	+ taxExemptOverseasPensions (IR215)
	+ employerProvidedVehicle (IR215)
	+ voucherAndOtherSTCF (IR215)
	+ nonResidentForeignSourcedIncome (IR215 prior to 2020 then uses WWI return)
	+ distributionFromTrusts (IR215)
	+ incomeFromPIE (IR215)
	+ slIncomeEqualisationMainSchemeRefunds (IR215)
	Unused repayment threshold = (Annual Repayment threshold – totalGrossIncome, excluding salary and wages from casual agricultural work (CAE) and election day work (EDW))
	However if (Adjusted net income – Unused repayment threshold) < $1,500, SL.Loan_Assessment = 0.
	If Interim_Repay_Option is S: SL.Interim_Repay = SL.Loan_Assessment*1.05,
	however if < $1,000, SL.Interim_Repay = 0.
	If Interim_Repay_Option is E: Enter the amount of the estimate.
	If Interim_Repay_Option is N:Value is zero

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2.2   Auto-calc

Totals are automatically calculated by IR and passed back in calculatedFields.

Only field needed to provide for FILE request is nonBusinessExpenses

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2.3   IR3NR (Non-resident individual income tax return)

Field	Description
totalTaxCredits	totalTaxCredits = totalInterestRWT + totalDividendCredits + totalWithholdingTaxOnRoyalties
totalNRWT	totalNRWT = nrwtOnTotalInterest + nrwtOnTotalDividends + nrwtOnTotalRoyalties
ltcAdjustedIncome	ltcAdjustedIncome = ltcIncome totalIncome + ltcNonAllowableDeductions - ltcPriorYearNonAllowableDeductionsClaimed
otherCredits	otherCredits = nzIncomeWithTaxDeducted totalTaxPaid + maoriAuthorityDistributions totalMACredits + partnershipIncome totalTaxCredits + estateTrustIncome totalTaxCredits + ltcIncome totalTaxCredits
residentialRentalIncome netIncome	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
residentialRentalIncome excessDeductionsCarried Forward	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) − residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
totalTaxableIncome	totalTaxableIncome = nzIncomeWithTaxDeducted totalIncome + maoriAuthorityDistributions totalMADistributions + pieIncome totalIncome (2019 onwards) + partnershipIncome totalIncome + estateTrustIncome totalIncome + ltcAdjustedIncome + residentialRentalIncome netIncome (2020 onwards) + netRentalIncome + selfEmployedIncome + saleOfProperty (2019 onwards) + otherIncome

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Field	Description
	- otherExpenses - lossesClaimedThisYear **Note:** Field can be reflected as negative amount

taxOnTaxableIncome	Where totalTaxableIncome is a negative amount
	then
	      taxOnTaxableIncome is 0 (zero)
	Otherwise
	      calculate taxOnTaxableIncome using totalTaxableIncome and <u>Individual Tax Rates</u>

residualIncomeTax	residualIncomeTax = taxOnTaxableIncome + totalNRWT - researchAndDevelopment nonrefundableCredit (2020 onwards) Where the sum of the above fields: • negative (a loss) then = 0 (zero) • positive then = sum of the key points Then deduct refundable tax credits - researchAndDevelopment refundableCredit (2020 onwards) - totalTaxCredits - otherCredits - rlwtCredit (2017 onwards)

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2.4   IR4 (Companies income tax return)

Field	Description
overseasIncome totalTaxPaid	Amount of overseasIncome totalTaxPaid is limited to taxOnTaxableIncome
Total Tax Credits (Calculation field)	Total Tax Credits = schedularPayments withholdingTaxDeducted + interestIncome totalTaxPaid + pieIncome totalTaxCredits (2019 onwards) + dividendIncome totalRWTCredits + maoriAuthorityDistributions totalMACredits + partnershipEstateTrustIncome totalTaxCredits
residentialRentalIncome netIncome	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
residentialRentalIncome excessDeductionsCarried Forward	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) – residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
totalTaxableIncome	totalTaxableIncome = schedularPayments totalIncome + interestIncome totalIncome + pieIncome totalIncome (2019 onwards) + dividendIncome totalGrossDividends + maoriAuthorityDistributions totalMADistributions + partnershipEstateTrustIncome totalIncome + overseasIncome totalIncome + residentialRentalIncome netIncome (2020 onwards) + businessOrRentalIncome + saleOfProperty (2019 onwards) + otherIncome - donationsMade - lossesClaimedThisYear + netLossesToFrom + subventionPaymentsToFrom **For agent non-resident insurer customer** totalTaxableIncome = totalTaxablePremium

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Field	Description
	Note: Field can be reflected as negative amount

taxOnTaxableIncome	Where totalTaxableIncome is a negative amount
	then
	      taxOnTaxableIncome is 0 (zero)
	Otherwise
	      taxOnTaxableIncome
	      = totalTaxableIncome
	      X Companies Tax rate

residualIncomeTax	residualIncomeTax
	= taxOnTaxableIncome
	- overseasIncome totalTaxPaid
	- foreignInvestorTaxCredit
	- dividendIncome totalImputationCredits
	- researchAndDevelopment nonrefundableCredit (2020 onwards)
	
	Where the sum of the above fields:
	
	   • negative (a loss) then = 0 (zero)
	   • positive then = sum of the key points
	
	Then deduct refundable tax credits
	- researchAndDevelopment refundableCredit (2020 onwards)
	- Total Tax Credits
	- rlwtCredit (2017 onwards)
	
	Note: Field can be reflected as negative amount

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2.5 IR4J (Annual imputation return)

Field	Description
closingBalance	closingBalance = openingBalance - incomeTaxPaid - totalFDPPaid - totalRWTOnInterest - imputationAndFDPCredits - otherCredits + incomeTaxRefunded + totalFDPRefunds + imputationCreditsAttached + otherDebits **Note:** Field can be reflected as negative amount
furtherIncomeTaxPayable	

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2.6   IR6 (Estate or trust income tax return)

Field	Description
dividendIncome totalImputationCredits	dividendIncome totalImputationCredits cannot be greater than 28% of dividendIncome totalGrossDividends
ltcAdjustedIncome	This is either an assessable profit or a claimable loss. ltcAdjustedIncome = ltcIncome totalIncome + ltcNonAllowableDeductions - ltcPriorYearNonAllowableDeductionsClaimed
residentialRentalIncome netIncome	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
residentialRentalIncome excessDeductionsCarried Forward	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) – residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
totalTaxCredits	totalTaxCredits = interestIncome totalTaxPaid + dividendIncome totalRWTCredits + maoriAuthorityDistributions totalMACredits + partnershipEstateTrustIncome totalTaxCredits + overseasIncome totalTaxPaid + pieIncome totalTaxCredits (2019 onwards) + ltcIncome totalTaxCredits + otherIncome totalTaxCredits
beneficiaryIncome	This is total of all beneficiaries beneficiary taxableIncome
trusteeIncome	trusteeIncome = interestIncome totalIncome + dividendIncome totalGrossDividends + maoriAuthorityDistributions totalMADistributions + partnershipEstateTrustIncome totalIncome + overseasIncome totalIncome + pieIncome totalIncome (2019 onwards) + ltcAdjustedIncome + residentialRentalIncome netIncome (2020 onwards) + businessOrRentalIncome + selfEmployedIncome + saleOfProperty (2019 onwards) + otherIncome totalIncome - beneficiaryIncome **Note:** Field cannot be negative amount

Field	Description
totalTrusteeIncome	totalTrusteeIncome = trusteeIncome - totalExpensesClaimed - lossesClaimedThisYear **Note:** Field cannot be negative amount
taxOnTrusteeIncome	taxOnTrusteeIncome = totalTrusteeIncome x [Trustee tax Rate](#)
trusteeShareOfOverseasTaxPaid	trusteeShareOfOverseasTaxPaid = overseasIncome totalTaxPaid - beneficiary overseasTaxPaid (total beneficiaries)
trusteeShareOfDivImpCredits	Total imputation credits less imputations credits allocated to beneficiaries

trusteeShareOfTaxCredits	This includes trustee share of:
	    interestIncome totalTaxPaid
	    dividendIncome totalRWTCredits
	    partnershipEstateTrustIncome totalTaxCredits
	    pieIncome totalTaxCredits (2019 onwards)
	    ltcIncome totalTaxCredits
	    otherIncome totalTaxCredits
	    rlwtCredit <mark>(2017 onwards)</mark>

taxOnTrusteeIncomeLessCredits	taxOnTrusteeIncomeLessCredits = taxOnTrusteeIncome - trusteeShareOfOverseasTaxPaid - trusteeShareOfDivImpCredits - researchAndDevelopment nonrefundableCredit <mark>(2020 onwards)</mark> Where the sum of the above fields: • negative (a loss) then = 0 (zero) • positive then = sum of the key points Then - <mark>researchAndDevelopment refundableCredit (2020 onwards)</mark> - trusteeShareOfTaxCredits
residualIncomeTax	residualIncomeTax = taxOnTrusteeIncomeLessCredits - beneficiary beneficiaryTaxPayable (total beneficiaries)
beneficiary taxableIncome	beneficiary taxableIncome = beneficiary shareOfInterestIncome + beneficiary shareOfDividendsIncome + beneficiary shareOfMADistributionsIncome + beneficiary shareOfOverseasIncome + beneficiary shareOfOtherIncome

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Field	Description
beneficiary taxLessOverseasTaxPaid	beneficiary taxLessOverseasTaxPaid = beneficiary taxOnTaxableIncome - beneficiary overseasTaxPaid
beneficiary taxLessDividendImputationCredit	beneficiary taxLessDividendImputationCredit = beneficiary taxLessOverseasTaxPaid - beneficiary taxLessDividendImputationCredit
beneficiary taxLessOtherPaidTaxCredits	beneficiary taxLessOtherPaidTaxCredits = beneficiary taxLessDividendImputationCredit - beneficiary otherPaidTaxCredits
beneficiary beneficiaryTaxPayable	beneficiary beneficiaryTaxPayable = beneficiary taxLessOtherPaidTaxCredits - beneficiary taxOnDistributionByNonComplyingTrust

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2.7   IR7 (Partnerships and look-through companies income tax return)

Field	Description
ltcAdjustedIncome	This is either an assessable profit or a claimable loss. ltcAdjustedIncome = ltcIncome totalIncome + ltcNonAllowableDeductions - ltcPriorYearNonAllowableDeductionsClaimed
residentialRentalIncome totalIncome	This must match sum of all incomeAttribution shareOfResidentialRentalIncome
residentialRentalIncome residentialRentalDeductions	This must match sum of all incomeAttribution shareOfResidentialRentalDeductions
totalIncome	totalTaxableIncome = schedularPayments totalIncome + interestIncome totalIncome + pieIncome totalIncome (2019 onwards) + dividendIncome totalGrossDividends + maoriAuthorityDistributions totalMADistributions + partnershipEstateTrustIncome totalIncome + overseasIncome totalIncome + residentialRentalIncome netIncome (2020 onwards) + businessIncome + netRentalIncome + saleOfProperty (2019 onwards) + otherIncome
totalIncomeLossAfterExpenses	totalIncomeLossAfterExpenses = totalIncome - totalExpenses
incomeAttribution totalIncome	incomeAttribution totalIncome = incomeAttribution shareOfInterestIncome + incomeAttribution shareOfDividendIncome + incomeAttribution shareOfMADistribution + incomeAttribution shareOfOverseasIncome + incomeAttribution shareOfResidentialRentalIncome + incomeAttribution shareOfRentalIncome + incomeAttribution shareOfPassiveIncome + incomeAttribution shareOfOtherIncome
incomeAttribution shareOfOverseasTaxPaid overseasIncome totalTaxPaid	This include share of overseasIncome totalTaxPaid
incomeAttribution shareOfImputationCredits	This include share dividendIncome totalImputationCredit

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Field	Description
incomeAttribution shareOfOtherTaxCredits	This should include share of following tax credits: • schedularPayments withholdingTaxDeducted • interestIncome totalTaxPaid • dividendIncome totalRWTCredit • maoriAuthorityDistributions totalMACredits • partnershipIncome totalTaxCredits • ltcIncome totalTaxCredits • pieIncome totalTaxCredits (2019 onwards) • rlwtCredit (2017 onwards)

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2.8   IR8 (Māori authorities income tax return)

Field	Description
residentialRentalIncome netIncome	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
residentialRentalIncome excessDeductionsCarried Forward	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) − residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
totalTaxableIncome	totalTaxableIncome = residentialRentalIncome netIncome (2020 onwards) + saleOfProperty (2020 onwards) + grossInterest + grossDividends + maoriAuthorityDistributions + netRentalIncome + netTradingIncome + otherIncome + adjustmentsOutsideFinancialAccounts - donationDeductions - lossesBroughtForward **Note:** Field can be reflected as negative amount

taxOnTaxableIncome	Where totalTaxableIncome is a negative amount
	then
	        taxOnTaxableIncome is 0 (zero)
	Otherwise
	        calculate totalTaxableIncome x 0.175

residualIncomeTax	residualIncomeTax = taxOnTaxableIncome - overseasTaxPaid - dividendImputationCredits - researchAndDevelopment nonrefundableCredit (2020 onwards) Where the sum of the above fields is: • negative (a loss) then = 0 (zero) • positive then = sum of the key points Then deduct refundable tax credits - totalRWTDeducted - rlwtCredit (2017 onwards) - otherTaxCredits

2.9   IR8J (Maori authority credit account return)

Field	Description
closingBalance	closingBalance = openingBalance - incomeTaxPaid - totalFDPPaid (Prior 2018) - totalRWTOnInterest - imputationAndFDPCredits - otherCredits + incomeTaxRefunded + totalFDPRefunds (Prior 2018) + imputationCreditsAttached + otherDebits **Note:** Field can be reflected as negative amount
furtherIncomeTaxPayable	furtherIncomeTaxPayable = closingBalance **Note:** Field cannot be negative amount
fdpReturn fdpClosingBalance (Prior 2018)	fdpReturn fdpClosingBalance (Prior 2018) = fdpReturn fdpOpeningBalance (Prior 2018) - fdpReturn fdpPaid (Prior 2018) - fdpReturn fdpCreditsAttachedReceived (Prior 2018) + fdpReturn fdpCreditsAttachedPaid(Prior 2018) + fdpReturn fdpRefunded (Prior 2018) + fdpReturn fdpOtherDebits (Prior 2018)

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2.10   IR9 (Clubs or societies income tax return)

Field	Description
residentialRentalIncome netIncome	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
residentialRentalIncome excessDeductionsCarried Forward	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) – residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
netIncome	netIncome = residentialRentalIncome netIncome (2020 onwards) + saleOfProperty (2020 onwards) + friendlyNetIncome (for F society type) + interest (for X or A society type) + dividends (for X or A society type) + taxableMADistributions (for X or A society type) + otherIncome (for X or A society type) - incomeTaxDeductionForNonProfit - donationsDeduction **Note:** Field can be reflected as negative amount
donationsDeduction	Donation amount is limited to positive amount of net income
totalTaxableIncome	totalTaxableIncome = netIncome - lossesBroughtForward **Note:** Field can be reflected as negative amount, but lossesBroughtForward amt will only reduce totalTaxableIncome by positive netIncome
taxOnTaxableIncome	Where totalTaxableIncome is a negative amount then taxOnTaxableIncome is 0 (zero) Otherwise taxOnTaxableIncome = totalTaxableIncome X Clubs or Societies tax rate
residualIncomeTax	residualIncomeTax = taxOnTaxableIncome - overseasTaxPaid - imputationCreditsReceived - imputationBroughtForward - researchAndDevelopment nonrefundableCredit (2020 onwards)

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Field	Description
Page 22 of 34	Where the sum of the above fields is: • negative (a loss) then = 0 (zero) • positive then = sum of the key points Then deduct refundable tax credits - totalRWTWithheld - rlwtCredit (2017 onwards) - otherTaxCredits

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2.11   IR44 (Registered superannuation funds income tax return)

Field	Description
totalTaxableIncome	totalTaxableIncome = saleOfProperty (2020 onwards) + fundIncome + totalDeductionsFromOtherSchemes + deductionsTreatedAsCapitalOnDisposal + deductionsTreatedAsRevenueOnDisposal + totalDeductionsToOtherSchemes + additionsTreatedAsCapitalOnDisposal + additionsTreatedAsRevenueOnDisposal - lossesBroughtForward **Note:** Field can be reflected as negative amount

taxOnTaxableIncome	Where totalTaxableIncome is a negative amount
	then
	        taxOnTaxableIncome is 0 (zero)
	Otherwise
	        calculate totalTaxableIncome x 0.28

residualIncomeTax	residualIncomeTax = taxOnTaxableIncome - overseasTaxCredit - imputationCredits - researchAndDevelopment nonrefundableCredit (2020 onwards) Where the sum of the above fields is: • negative (a loss) then = 0 (zero) • positive then = sum of the key points Then deduct refundable tax credits - researchAndDevelopment refundableCredit (2020 onwards) - rwtAndOtherTaxCredits - rlwtCredit (2017 onwards)

2.13 IR3B (Schedule of business income)

Field	Description
totalExpenses	totalExpenses = accLevies + advertising + badDebts + communication + depreciation + entertainment + homeOffice + insurance + interest + legalAndAccounting + motorVehicle + power + rentAndRates + repairsAndMaintenance + salaryAndWages + travelAndAccommodation + other amount (total)
netIncome	netIncome = salesAmount - openingStockAmount - purchasesAmount + closingStockAmount + otherIncome - totalExpenses + gainOrLossOnDisposal

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2.15   IR3R (Rental income schedule)

Field	Description
totalIncome	totalIncome = totalRents + otherIncomeAmount + gainLossOnDisposal
totalExpenses	= ratesAmount + insuranceAmount + interestAmount + agentFeesAmount + repairsAndMaintenanceDetails other amount + otherExpensesDetails other amount + buildingDepreciation + assetDepreciation
netRentalIncome	= totalIncome - totalExpenses

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2.16   IR10 (Financial statements summary)

Field	Description
totalIncome	totalIncome = grossProfit + interestReceived + dividendsReceived + rentLeaseLicenceIncome + otherIncome
totalExpenses	totalExpenses = badDebts + depreciationAndAmortisation + insurance + interestExpense + fees + rates + rentsLeasesLicences + repairsAndMaintenance + researchAndDevelopment + relatedPartyRemuneration + salariesAndWages + contractorPayments + otherExpenses
netProfitLossBeforeTax	netProfitLossBeforeTax = totalIncome - totalExpenses + exceptionalItems
currentYearTaxableProfit Loss	currentYearTaxableProfitLoss = netProfitLossBeforeTax + taxAdjustments
totalAssets	totalAssets = accountsReceivable + cashAndDeposits + otherCurrentAssets + vehicles + plantAndMachinery + furnitureAndFittings + land + buildings + otherFixedAssets + intangibles + sharesAndOwnershipInterests + termDeposits + otherNonCurrentAssets
totalCurrentLiabilities	totalCurrentLiabilities = provisions + accountsPayable + currentLoans

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Field	Description
	+ otherCurrentLiabilities
totalLiabilities	totalLiabilities = totalCurrentLiabilities + nonCurrentLiabilities
ownersEquity	ownersEquity = totalAssets - totalLiabilities

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2.17   IR833 (Property sale information)

Field	Description
totalCosts	totalCosts = purchasePrice + deductibleCosts
netProfitLoss	netProfitLoss = salePrice – totalCosts **Note:** This field is not used for FILE operation.
shareOfNetProfit	shareOfNetProfit = shareOfNetProfit X shareOfOwnership / 100 **Note:** This field is not used for FILE operation.

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3   Appendix: Tax Rates

These tax rates for 2013 - 2020

Individual person - *Income Tax Act 2007, Sch 1, Part A, cl 1.*	
For annual taxable income from	**Multiply annual taxable income by**
$0.00 to $14,000	10.5%
$14,001 to $48,000	17.5%
$48,001 to $70,000	30%
$70,001 and over	33%
Company - *Income Tax Act 2007, Sch 1, Part A, cl 2.*	
Taxed at a flat rate of 28%	
Trustee income of a trust - *Income Tax Act 2007, Sch 1, Part A, cl 3.*	
Taxed at a flat rate of 33%	
Non complying trust - *Income Tax Act 2007, Sch 1, Part A, cl 4.*	
Taxed at a flat rate of 45%	
Trustees of certain funds (GIF) - *Income Tax Act 2007, Sch 1, Part A, cl 6.*	
Taxed at a flat rate of 28%	
Unincorporated body - *Income Tax Act 2007, Sch 1, Part A, cl 1.*	
For annual taxable income from	**Multiply annual taxable income by**
$0.00 to $14,000	10.5%
$14,001 to $48,000	17.5%
$48,001 to $70,000	30%
$70,001 and over	33%
Maori authorities - *Income Tax Act 2007, Sch 1, Part A, cl 7.*	
Taxed at a flat rate of 17.5%	

4 Appendix: SL Repayment Thresholds and Rates

Threshold and rates for 2013 – 2021

Income year	Annual repayment threshold	Repayment rate	Adjusted net income threshold
2021	$20,020	12%	$500.00
2020	$19,760	12%	$1500.00
2019	$19,448	12%	$1500.00
2018	$19,136	12%	$1500.00
2017	$19,084	12%	$1500.00
2016	$19,084	12%	$1500.00
2015	$19,084	12%	$1500.00
2014	$19,084	12%	$1500.00
2013	$19,084	10%	$1500.00

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5 Appendix: WfFTC information

5.1 Entitlement Rates and Thresholds 1st April 2019 to 31th March 2020

WfFTC Component	Criteria	Annual Entitlement & Abatement rates, and Thresholds level
Family Tax Credit (FTC)	First child	$5,878
	Subsequent children	$4,745
Child Tax Credit (CTC)	Each child	$780
In Work Tax Credit (IWTC)	Up to 3 children	$3,770
	Each additional child over 3 includes 4th child onwards	$780
Minimum Family Tax Credit Threshold (MFTC)*	Annual before tax equivalent	$31,020
	Prescribed amount	$26,572
Threshold level	No abatement for income under or equal to	$42,700
	Abatement Rate	**25%**
Abatement rate formula	Each child born **on or after start date** of **01 April 20YY**	{([{(Family income − 42,700) * **25%**} * (days/365)] − {(FTC * days/365) + (IWTC or CTC * weeks/52)}) * (365/days)}

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5.2 Best Start tax credit

Best Start tax credit (BSTC) is a payment up to $3,120 per year (or $60 per week) per child to help families with the costs in a child's early years. The entitlement is calculated on a daily rate the same as other WfFTC components.

Best Start tax credit			
Per Child	**BSTC abatement threshold**	**Abatement rate**	**Effective 1 July 2018**
0 – 1 year old	N/A	N/A	$3,120 / $60 per week
1 – 2 years old	$79,000	21%	
2 – 3 years old			

From 1 July 2018 it will be available to all families in the first year of a child's life. For the second and third years, support will continue for low and middle-income families – Best Start tax credit payments will be abated for family income above $79,000.

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6 Glossary

Acronym/term	Definition
ACC	Accident Compensation Corporation
FDP	Foreign dividend payment (account)
FIF	Foreign investment fund
GIF	Group Investment Fund
ICA	Imputation credit account
IETC	Independent tax earner credit
INC	Inland Revenue's abbreviation for Income Tax
IRD	Inland Revenue Department (ie IRD number)

7 Change log

This table lists all changes that have been made to this build pack document since version 0.1 was released.

Version	Date of change	Document section	Description
V0.1	13/02/2020	All	Initial Draft
V1.0	31/03/2020	All	Updated with stakeholder feedback. Amendments are highlighted in yellow.

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