Inland Revenue

Build pack: Return Service—Income Tax Additional Information 2023

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Contents

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.

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 and 2020 only) * + totalTaxPaidByTrustees + partnershipIncome totalTaxCredits + ltcIncome totalTaxCredits + shareholderAIMTaxPaid (2020 onwards) + rlwtCredit (2017 onwards) * pieIncome totalTaxCredits is limited up to the allowable pieIncome totalTaxCredits. The allowable pieIncome totalTaxCredits is calculated as [(tax on taxable income/taxable income) x PIE income]. This limitation is only applicable to 2019 and 2020 returns.
residentialRentalIncome totalIncome	From **2023 onwards**, residentialRentalIncome totalIncome will be a summed field: residentialRentalIncome totalIncome = residentialRentalIncome grossResRentalIncome (2023 onwards) + residentialRentalIncome netBrightlineProfits (2023 onwards) + residentialRentalIncome otherResIncome (2023 onwards) **Note:** From 2023 IR will be referring to the residentialRentalIncome totalIncome field as 'Combined residential income' on any Notice of Assessment that may be issued to the customer. For prior years, the field will continue to be referred to as 'Total residential income'.
residentialRentalIncome netIncome	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards)

Field	Description
	- residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
residentialRentalIncome excessDeductionsCarried Forward	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) − residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
lossCarriedBackPriorYear (2021 only)	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear.
totalTaxableIncome	totalTaxableIncome = totalGrossIncome + netSchedularPayments + interestIncome totalIncome + dividendIncome totalGrossDividends + maoriAuthorityDistributions totalMADistributions + totalEstateOrTrustIncome + totalTaxableDistributionFromNCTrusts + overseasIncome totalIncome + partnershipIncome totalIncome + ltcAdjustedIncome + governmentSubsidies (2021 onwards) + pieIncome totalIncome (2019 and 2020 only) + 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

Field	Description
	Full year Abatement = (Annual net income - $44,000) * 0.13
	Then amountOfIETCClaimed = ($520 - Full year Abatement) X numberOfQualifyingMonths / 12
	Otherwise zero
PIE Tax Calculation *(See Appendix 8 for PIE tax calculation examples)*	Remaining PIE amount = pieIncome totalTaxCredits – (pieIncome totalIncome * correctRate)
	If (pieIncome totalIncome * correctRate) is less than pieIncome totalTaxCredits, pieCredit will equal the Remaining PIE amount and pieDebit will equal zero.
	If (pieIncome totalIncome * correctRate) is greater than pieIncome totalTaxCredits, then calculate correctRateUsedAllYear.
	correctRateUsedAllYear is true when: correctRate = RateYearEnd and rateChanged is false (from Income API for every PIE returned).
	If correctRateUsedAllYear is true, pieDebit will equal zero.
	If correctRateUsedAllYear is false, pieDebit will equal the Remaining PIE amount.
	If Remaining PIE amount results in a credit, regardless of whether the correctRateUsedAllYear is true or false, pieCredit will equal the Remaining PIE amount.
	In addition, the corresponding PIE income information should also be reported where there is a Remaining PIE amount.
	pieDebit is included in the taxOnTaxableIncome calculation.
	pieCredit is included in the residualIncomeTax calculation.
	(2021 onwards)
	Note: correctRate can be obtained through the Prescribed Investor Rate (PIR) Calculator Service, or it can be calculated by retrieving the last two years of taxable income and applying the PIR rates table. Choose the lower PIR for the current year.
pieIncome correctRateOverride (2023 onwards)	Element to allow overriding the PIR rate to ensure returns can be filed using a prescribed investor rate that is different to the one IR has on record.
	When true, this element can be used to set the pieIncome correctRate to a custom allowable amount (0, 10.5, 17.5, 28).
	This element is only available to tax preparers (tax agents, bookkeepers, other representatives).
taxOnTaxableIncome	taxOnTaxableIncome = pieDebit (2021 onwards)

Field	Description
	+ totalTaxableIncome x [Individual Tax Rates](#) (except where totalTaxableIncome is a negative amount; then treat as zero) **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 - dividendIncome totalImputationCredits - imputationBroughtForward - researchAndDevelopment creditBroughtForward (2021 onwards) - 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 - pieCredit (2021 onwards)
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 + pieIncome totalIncome (2019 and 2020 only) + totalShareholderEmployeeSalary + residentialRentalIncome netIncome (2020 onwards) + netRentalIncome + selfEmployedIncome + saleOfProperty (2019 onwards) + governmentSubsidies (2021 onwards)

Field	Description
	+ otherIncome
	- otherExpenses
	= Adjusted net income prior to Student Loan adjustment.
	If 'Adjusted net income prior to Student Loan 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)
	+ pensionsAndAnnuities (IR215)
	+ incomeEqualisationMainSchemeDeposits (IR215)
	+ taxExemptIncome (IR215)
	+ retirementContributions (IR215 2021 onwards)
	+ depreciationRecovered (IR215 2021 onwards)
	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 prior to 2021)
	+ slIncomeEqualisationMainSchemeRefunds (IR215)
	+ Attributed income of a major shareholder in a close company calculation (IR215)
	+ Attributed dependent child/children's income of a major shareholder in a close company calculation (IR215 2021 onwards)
	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) < $500, SL.Loan_Assessment = 0.

Field	Description
	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
governmentSubsidies	The governmentSubsidies field must show the TOTAL Covid-19 Wage Subsidy Scheme (WSS), Leave Support Scheme (LSS) and Short-Term Absence Payments (STAP) received where tax was not deducted when the payment was made, for example via payroll. This includes payments received by sole traders, partners and shareholder/directors.
	Any amount prepopulated will show the net WSS, LSS and STAP payments (payments less repayments made for subsidies received that financial year) IR holds. If the amount showing is incorrect, it should be updated to include all payments received less all amounts repaid.
	Resurgence Support Payments (RSP) and COVID-19 Support Payments (CSP) should **not** be included in this field, as these do not need to be included in the return as income. Business expenses must instead be reduced by the total RSP/CSP amount received.

2.2   CALC

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

Only field needed to provide for FILE request is nonBusinessExpenses.

2.2.1 Government Subsidies

Effective for the period ending 31/03/2022 onwards, the definition of 'reportable income' will include WSS, LSS and STAP payments. This change enables some customers who were required to file an IR3 as a result of receiving these payments in the 2021 tax year, to now be eligible to receive a pre-populated auto calculated income tax assessment for the 2022 tax year if all of their income is now 'reportable income'.

IR will pre-populate all the Government subsidy information that has been made available from MSD. If the amounts are not correct, they can be changed on the return.

If the customer received any of these payments and they are not showing on the return, they will need to be added when completing the return.

2.3   IR3NR (Non-resident individual income tax return)

Field	Description
totalNRWT	totalNRWT = nrwtOnTotalInterest + nrwtOnTotalDividends + nrwtOnTotalRoyalties
ltcAdjustedIncome	ltcAdjustedIncome = ltcIncome totalIncome + ltcNonAllowableDeductions - ltcPriorYearNonAllowableDeductionsClaimed
otherCredits	otherCredits = nzIncomeWithTaxDeducted totalTaxPaid + maoriAuthorityDistributions totalMACredits + partnershipIncome totalTaxCredits + estateTrustIncome totalTaxCredits + ltcIncome totalTaxCredits
residentialRentalIncome totalIncome	From **2023 onwards**, residentialRentalIncome totalIncome will be a summed field: residentialRentalIncome totalIncome = residentialRentalIncome grossResRentalIncome (2023 onwards) + residentialRentalIncome netBrightlineProfits (2023 onwards) + residentialRentalIncome otherResIncome (2023 onwards) **Note:** From 2023 IR will be referring to the residentialRentalIncome totalIncome field as 'Combined residential income' on any Notice of Assessment that may be issued to the customer. For prior years, the field will continue to be referred to as 'Total residential income'.
residentialRentalIncome netIncome	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
residentialRentalIncome excessDeductionsCarriedForward	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) – residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
lossCarriedBackPriorYear (2021 only)	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear.
totalTaxableIncome	totalTaxableIncome = nzIncomeWithTaxDeducted totalIncome + maoriAuthorityDistributions totalMADistributions + pieIncome totalIncome (2019 onwards)

Field	Description
	+ partnershipIncome totalIncome
	+ estateTrustIncome totalIncome
	+ ltcAdjustedIncome
	+ governmentSubsidies (2021 onwards)
	+ residentialRentalIncome netIncome (2020 onwards)
	+ netRentalIncome
	+ selfEmployedIncome
	+ saleOfProperty (2019 onwards)
	+ otherIncome
	- 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 [Individual Tax Rates]

residualIncomeTax	residualIncomeTax = taxOnTaxableIncome + totalNRWT - imputationBroughtForward - researchAndDevelopment creditBroughtForward (2021 onwards) - 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 - pieIncome totalTaxCredits (2019 onwards) * - rlwtCredit (2017 onwards) * PIE tax credits can only be used to the extent of the New Zealand tax payable on the PIE attributed income. For a non-resident, the PIR can only be 28% or 0%.
Tax Credit Payroll Donations	Tax credit payroll donations (TCPD) and extinguished TCPD cannot be included in the IR3NR return. This should be disclosed as totalTaxPaid less extinguished credits.

Field	Description
Excess imputation credits brought forward	The imputationBroughtForward field in the IR3NR is to allow customers to bring forward excess imputation credits returned on their IR3 the prior year, when they are now an IR3NR filer. IR allows customers to claim this credit on the IR3NR, but it will be manually reviewed.

Tax Identification Number information (2023 onwards)	From the 2023 year onwards, the following Tax Identification Number (TIN) fields will be added:
	
	• taxJurisdiction (from country list, ISO 3166-1 alpha-2, cannot be NZ, compulsory field)
	
	• taxIdNumber (free text max 50 characters, compulsory if TIN status is not provided
	
	• TIN status – may be one of:
	    o noJurisdictionTin (boolean field, for jurisdictions that do not issue TINs), or
	    o tinNotRequired (boolean field, for when TIN not required in jurisdiction)

2.4   IR4 (Companies income tax return)

Field	Description
overseasIncome totalTaxPaid	Amount of overseasIncome totalTaxPaid is limited to taxOnTaxableIncome
totalTaxCredits	totalTaxCredits = schedularPayments withholdingTaxDeducted + interestIncome totalTaxPaid + pieIncome totalTaxCredits (2019 onwards) + dividendIncome totalRWTCredits + maoriAuthorityDistributions totalMACredits + partnershipEstateTrustIncome totalTaxCredits
residentialRentalIncome totalIncome	From **2023 onwards**, residentialRentalIncome totalIncome will be a summed field: residentialRentalIncome totalIncome = residentialRentalIncome grossResRentalIncome (2023 onwards) + residentialRentalIncome netBrightlineProfits (2023 onwards) + residentialRentalIncome otherResIncome (2023 onwards) **Note:** From 2023 IR will be referring to the residentialRentalIncome totalIncome field as 'Combined residential income' on any Notice of Assessment that may be issued to the customer. For prior years, the field will continue to be referred to as 'Total residential income'.
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)
lossCarriedBackPriorYear (2021 only)	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear.
totalTaxableIncome	totalTaxableIncome = schedularPayments totalIncome + interestIncome totalIncome + pieIncome totalIncome (2019 onwards) + dividendIncome totalGrossDividends + maoriAuthorityDistributions totalMADistributions + partnershipEstateTrustIncome totalIncome + overseasIncome totalIncome

Field	Description
	+ residentialRentalIncome netIncome (2020 onwards)
	+ businessOrRentalIncome
	+ saleOfProperty (2019 onwards)
	+ otherIncome
	- donationsMade
	- lossesClaimedThisYear
	+ netLossesToFrom
	+ subventionPaymentsToFrom
	For agent non-resident insurer customer totalTaxableIncome = totalTaxablePremium **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 creditBroughtForward (2021 onwards) - 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
Shareholder Subvention Payments	The total amount entered into shareholder subventionPayments must equal the amount entered into subventionPaymentsToFrom **Any mismatches will result in the return falling into assessment review as the distributed amounts do not equal the amount available**

Field	Description
Shareholders current account balance	If the shareholder current account balance is **overdrawn** it must be presented as a **DEBIT** ("+"), if **not overdrawn** it should be reflected as a **CREDIT** ("-") amount.
Decommissioning expenditure (2019 onwards)	A proposed amendment in the **Taxation (Annual Rates for 2022-23, Platform Economy, and Remedial Matters) Bill** means that a petroleum miner with a net loss is eligible for a tax credit for the following: • any decommissioning expenditure in the year it is incurred, • any development expenditure that has not been deducted at the time commercial production permanently ceases. A petroleum miner must notify IR before filing a return that includes this tax credit. The associated fields are: • decomExpenditure (read-only field) • decomTaxCredit (read-only calculated field - decomExpenditure * tax rate of 28%) The fields will be included in Retrieve Return for 2019+ returns, only where the fields contain nonzero values. The amount of loss available to carry forward will be reduced by the amount of the decomTaxCredit.

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	

2.5.1 Consolidated/Income group IR4J filing

Under a proposed amendment to **section 69 of the Tax Administration Act 1994** (with application from the 2018/19 income year onwards), IR4J returns will become optional for members of a Consolidated group/Income group if the return has a nil balance.

Where the IR4J is no longer required to be filed by the members of a consolidated/income group, the filing status will be returned as 'optional', and when attempting to retrieve the filing obligation for members of the group, it will be returned as 'no obligations found' (provided there are no obligations for other filing periods).

The 'INC Returns Service – File' will continue to allow an IR4J to be filed for members of a consolidated/income group where required.

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 totalIncome	From **2023 onwards**, residentialRentalIncome totalIncome will be a summed field: residentialRentalIncome totalIncome = residentialRentalIncome grossResRentalIncome (2023 onwards) + residentialRentalIncome netBrightlineProfits (2023 onwards) + residentialRentalIncome otherResIncome (2023 onwards) **Note:** From 2023 IR will be referring to the residentialRentalIncome totalIncome field as 'Combined residential income' on any Notice of Assessment that may be issued to the customer. For prior years, the field will continue to be referred to as 'Total residential income'.
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

Field	Description
	+ 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
lossCarriedBackPriorYear (2021 only)	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear.
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 (2017 onwards)

taxOnTrusteeIncomeLessCredits	taxOnTrusteeIncomeLessCredits = taxOnTrusteeIncome - trusteeShareOfOverseasTaxPaid - trusteeShareOfDivImpCredits - researchAndDevelopment creditBroughtForward (2021 onwards) - researchAndDevelopment nonrefundableCredit (2020 onwards)

Field	Description
	Where the sum of the above fields: • negative (a loss) then = 0 (zero) • positive then = sum of the key points Then - researchAndDevelopment refundableCredit (2020 onwards) - trusteeShareOfTaxCredits
residualIncomeTax	residualIncomeTax = taxOnTrusteeIncomeLessCredits - beneficiary beneficiaryTaxPayable (total beneficiaries)
beneficiary taxableIncome	beneficiary taxableIncome = beneficiary shareOfInterestIncome + beneficiary shareOfDividendsIncome + beneficiary shareOfMADistributionsIncome + beneficiary shareOfOverseasIncome + beneficiary shareOfOtherIncome
beneficiary taxLessOverseasTaxPaid	beneficiary taxLessOverseasTaxPaid = beneficiary taxOnTaxableIncome - beneficiary overseasTaxPaid
beneficiary taxLessDividendImputationCredit	beneficiary taxLessDividendImputationCredit = beneficiary taxLessOverseasTaxPaid - beneficiary dividendImputationCredit **Note:** If beneficiary dividendImputationCredit is greater than beneficiary taxLessOverseasTaxPaid, then beneficiary taxLessDividendImputationCredit = 0 (zero)
beneficiary taxLessOtherPaidTaxCredits	beneficiary taxLessOtherPaidTaxCredits = beneficiary taxLessDividendImputationCredit - beneficiary otherPaidTaxCredits
beneficiary beneficiaryTaxPayable	beneficiary beneficiaryTaxPayable = beneficiary taxLessOtherPaidTaxCredits + beneficiary taxOnDistributionByNonComplyingTrust
beneficiary closingBalance (calculated field)	beneficiary closingBalance = beneficiary openingBalance + beneficiary accountingIncomeAllocated + beneficiary corpus + beneficiary capital + beneficiary useOfTrustProperty + beneficiary distributionTrustAssets + beneficiary forgivenessOfDebt - beneficiary withdrawnFromTrust
Error Code 2075	An example of error code 2075 is where: Tax is paid by the Trust, and any of the beneficiary tax fields are non-zeros.

Field	Description
	The beneficiary tax fields are any of the following:
	beneficiary taxOnTaxableIncome
	beneficiary taxLessOverseasTaxPaid
	beneficiary taxLessDividendImputationCredit
	beneficiary taxLessOtherPaidTaxCredits
	beneficiary taxOnDistributionByNonComplyingTrust
	beneficiary beneficiaryTaxPayable

2.6.1 Non-active trusts IR6 filing

Proposed changes included in the **Taxation (Annual Rates for 2022-23, Platform Economy, and Remedial Matters) Bill** due to be enacted by March 2023 (with application from the 2021/22 income year onwards), will introduce separate non-active criteria for Testamentary trusts. The new criteria will be:

- That the trust is a testamentary trust (i.e. it has arisen from the administration of an estate), AND

- Distributions from the trust do not exceed $100,000, AND

- Reportable income (as if the trust was an individual under section 22D) is less than $5,000; AND

- Non-reportable income is less than $1,000 provided the trust would have deductible expenditure of at least $800.

With the introduction of this new criteria, a new trust sub-type of 'Testamentary' will be added. Both the Customer API and Notifications API will work as per current state, but there will be an update to the Customer API YAML to include the new trust subtype of 'Testamentary'.

The implication of this change is that more trust returns will not be required to be filed (return filing expectation will be set as 'optional'), and there will be less returns with filing obligations returned via 'INC Returns Service – Retrieve Return Obligations'.

There will be some IR6 2022 returns that fall into this new trust sub-type, and these will be updated to a return expectation of 'optional'. Retrieving this filing period for those returns via 'INC Returns Service – Retrieve Return Obligations' should return 'no obligations found'.

Note: This new trust sub-type will not be added as one of the options on the IR6 return, so **no changes** are being made to the estateTrustType field on the IR6 return.

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 From **2023 onwards**, residentialRentalIncome totalIncome will be a summed field: residentialRentalIncome totalIncome = residentialRentalIncome grossResRentalIncome (2023 onwards) + residentialRentalIncome netBrightlineProfits (2023 onwards) + residentialRentalIncome otherResIncome (2023 onwards) **Note:** From 2023 IR will be referring to the residentialRentalIncome totalIncome field as 'Combined residential income' on any Notice of Assessment that may be issued to the customer. For prior years, the field will continue to be referred to as 'Total residential income'. Refer to [section 10](#) for partnership residential income calculation examples.
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

Field	Description
	+ incomeAttribution shareOfDividendIncome + incomeAttribution shareOfMADistribution + incomeAttribution shareOfOverseasIncome + incomeAttribution shareOfResidentialRentalIncome + incomeAttribution shareOfRentalIncome + incomeAttribution shareOfPassiveIncome + incomeAttribution shareOfOtherIncome
incomeAttribution shareOfOverseasTaxPaid overseasIncome totalTaxPaid	This includes share of overseasIncome totalTaxPaid
incomeAttribution shareOfImputationCredits	This includes share of dividendIncome totalImputationCredit
incomeAttribution shareOfOtherTaxCredits	This should include share of the following tax credits: • schedularPayments withholdingTaxDeducted • interestIncome totalTaxPaid • dividendIncome totalRWTCredit • maoriAuthorityDistributions totalMACredits • partnershipIncome totalTaxCredits • ltcIncome totalTaxCredits • pieIncome totalTaxCredits (2019 onwards) • rlwtCredit (2017 onwards)
Joint Investment Income	If an investment is held as a joint investment of two individuals, the individuals should include the investment income in their IR3 returns, not the IR7 return, even if the individuals are partners of a partnership. If an investment is a joint investment of an individual and a partnership, the investment income should be included on the IR3 return for one investor and the IR7 return for the other.

2.8 IR8 (Māori authorities income tax return)

Field	Description
residentialRentalIncome totalIncome	From **2023 onwards**, residentialRentalIncome totalIncome will be a summed field: residentialRentalIncome totalIncome = residentialRentalIncome grossResRentalIncome (2023 onwards) + residentialRentalIncome netBrightlineProfits (2023 onwards) + residentialRentalIncome otherResIncome (2023 onwards) **Note:** From 2023 IR will be referring to the residentialRentalIncome totalIncome field as 'Combined residential income' on any Notice of Assessment that may be issued to the customer. For prior years, the field will continue to be referred to as 'Total residential income'.
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)
lossCarriedBackPriorYear (2021 only)	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear.
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

Field	Description
	- overseasTaxPaid
	- dividendImputationCredits
	- researchAndDevelopment creditBroughtForward (2021 onwards)
	- 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 (Māori 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)

2.10   IR9 (Clubs or societies income tax return)

Field	Description
residentialRentalIncome totalIncome	From **2023 onwards**, residentialRentalIncome totalIncome will be a summed field: residentialRentalIncome totalIncome = residentialRentalIncome grossResRentalIncome (2023 onwards) + residentialRentalIncome netBrightlineProfits (2023 onwards) + residentialRentalIncome otherResIncome (2023 onwards) **Note:** From 2023 IR will be referring to the residentialRentalIncome totalIncome field as 'Combined residential income' on any Notice of Assessment that may be issued to the customer. For prior years, the field will continue to be referred to as 'Total residential income'.
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)
lossCarriedBackPriorYear (2021 only)	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear.
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

Field	Description
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 creditBroughtForward (2021 onwards) - 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 - totalRWTWithheld - rlwtCredit (2017 onwards) - otherTaxCredits

2.11 IR44 (Registered superannuation funds income tax return)

Field	Description
residentialRentalIncome totalIncome	From **2023 onwards**, residentialRentalIncome totalIncome will be a summed field: residentialRentalIncome totalIncome = residentialRentalIncome grossResRentalIncome (2023 onwards) + residentialRentalIncome netBrightlineProfits (2023 onwards) + residentialRentalIncome otherResIncome (2023 onwards) **Note:** From 2023 IR will be referring to the residentialRentalIncome totalIncome field as 'Combined residential income' on any Notice of Assessment that may be issued to the customer. For prior years, the field will continue to be referred to as 'Total residential income'.
residentialRentalIncome netIncome	residentialRentalIncome netIncome (2021 onwards) = residentialRentalIncome totalIncome (2021 onwards) - residentialRentalIncome deductionsClaimedThisYear (2021 onwards)
residentialRentalIncome excessDeductionsCarried Forward	residentialRentalIncome excessDeductionsCarriedForward (2021 onwards) = residentialRentalIncome residentialRentalDeductions (2021 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2022 onwards) − residentialRentalIncome deductionsClaimedThisYear (2021 onwards)
lossCarriedBackPriorYear (2021 only)	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear.
totalTaxableIncome	totalTaxableIncome = residentialRentalIncome netIncome (2021 onwards) + 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

Field	Description
	= taxOnTaxableIncome - overseasTaxCredit - imputationCredits - researchAndDevelopment creditBroughtForward (2021 onwards) - 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)

2.12   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

2.14   IR3R (Rental income schedule)

Field	Description
totalIncome	totalIncome = totalRents + otherIncomeAmount + gainLossOnDisposal
totalExpenses	= ratesAmount + insuranceAmount + interestAmount (prior 2022) + interestExpenseClaimed (2022 onwards) + agentFeesAmount + repairsAndMaintenanceDetails other amount + otherExpensesDetails other amount + buildingDepreciation + assetDepreciation
netRentalIncome	= totalIncome - totalExpenses

2.15   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
currentYearTaxableProfitLoss	currentYearTaxableProfitLoss = netProfitLossBeforeTax + taxAdjustments
totalAssets	totalAssets = accountsReceivable + cashAndDeposits + otherCurrentAssets + vehicles + plantAndMachinery + furnitureAndFittings + land + buildings + otherFixedAssets + intangibles + sharesAndOwnershipInterests + termDeposits + otherNonCurrentAssets
totalCurrentLiabilities	totalCurrentLiabilities = provisions

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

2.16   IR833 (Property sale information)

Note: IR will no longer accept IR833 as a minorFormType in a standalone request, but will only accept it as an attachment where the minorFormType is not 833.

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.

2.16.1 IR833 Prepop service

A new prepop service has been created for 2022 onwards, which will pre-populate the following fields into the IR833 where they are held by IR:

propertySale

- propertyTitle
- propertyAddress1
- propertyAddress2
- propertySuburb
- propertyCity
- propertyPostCode
- dateOfPurchase
- dateOfSale
- salePrice
- purchasePrice

If the property sale is excluded from the Bright-line requirements, the information can be removed and not included in the submission. Then on receipt, IR will update that the property sale does not meet Bright-line requirements.

2.17 Donation Tax Credits

Field/Rule	Description
Calculation formula	The formula used for tax credits for charitable or other public benefit gifts under LD 1(2) of the Income Tax Act 2007 is equal to total donations × 33⅓% which can be either of the following: = Total donations x 33⅓% *(before rounding)* or = Total donations x (100/3) / 100 *(before rounding)* or = Total donations x 100/300, *(before rounding)* or = Total donations divided by 3 *(before rounding)*
Partner Donation Tax Credit Fields – purpose and usage	The purpose of the partner fields is to allow the taxpayer to share or split a portion of a donation with another person/partner. E.g. If $1000 was donated towards a child's school, and the mother paid $700 and the father paid $300, then the donations amount filed for the mother under 'SchoolKindergartenDonations' should be $1000, then 'partnerSchoolKindergartenDonations' should be $300. Inland Revenue will automatically process the $300 for the father, without requiring the father to file another return/claim. If a customer splits a donation with a partner, the partner is not required to file another return. Inland Revenue will automatically process the partner's split amount from the original submission. For example, in the following scenario: schoolKindergartenDonations = 500 partnerSchoolKindergartenDonations = 100 totalReceiptAmount = 400 taxCreditClaimAmount = 133.33 partnerIRD = REQUIRED If the above is a 'file' request, the totalReceiptAmount and taxCreditClaimAmount fields are not being used and should not be supplied as per the Build Pack instructions. Then, when the return is retrieved for the Donee, the fields would show as follows: schoolKindergartenDonations $400 religiousOrganisationDonations $0 doneeOrganisationsDonations $0 totalReceiptAmount $400 taxCreditClaimAmount $133.33 Then, without the partner being required to file another IR526, at the time of processing the Donee IR526, Inland Revenue will automatically process the partners' IR526. When the return is retrieved for the Donee's partner, Inland Revenue will return the fields as follows: schoolKindergartenDonations $100 religiousOrganisationDonations $0 doneeOrganisationsDonations $0 totalReceiptAmount $100 taxCreditClaimAmount $33.33

Field/Rule	Description
Partner Donation Tax Credits – maximum amount	There is no maximum amount that can be transferred to a partner – up to 100% of a donation can be transferred. This may apply in cases where one partner's name is on the donation receipt, but because that person doesn't earn taxable income, the whole claim needs to be applied to the partner who is the family income earner.
Partner Donation Tax Credits – previously processed returns	If a portion of a donation is being transferred to a partner, but the partner's return has already been processed for the period, Inland Revenue will re-evaluate the partner's return to include the additional donation amount/s. For example: If a mother donated $1000 and $600 and split 50% with the father, then Inland Revenue will calculate it to be total donations tax credits of $266.67 under both the mother and the father. If the father already had $333.33 from the previous $1000 that he did not split with the mother, then Inland Revenue would re-evaluate the father's return to include the additional donations, giving a new total of $1800 ($1000 + $800 split from mum), resulting in a tax credit of $600.
Partner Donation Tax Credits – retrieveReturn	The retrieveReturn operation allows a call for the REB return on a period, however the partner's information will not be shown, even if it was included in the submission. As per the Build Pack instructions, to view the partner's return information, a retrieveReturn must be done on the partner's account. In cases where the partner is not linked to the agency, the partner's return information can be derived from the primary return. Using the example described above, when retrieving the mother's return, it would show total donations of $1600, but the tax credit would only be $266.67. The remaining tax credit amount would have been allocated to the father.

2.18 IR1261 (Overseas Income – 2023 onwards)

Notes:

- The IR1261 can only be attached to an IR3 return.
- An IR1261 must be provided if there is a value in overseasIncome totalIncome or overseasIncome totalTaxPaid in the IR3 return.
- Amounts entered in these fields should be in **NZ dollars to two decimal places**.
- In situations where the customer has overseas Residential Rental income and tax credits to attribute to it, the income will still need to be included as Residential Rental income in the IR3 to allow that income to be ring fenced. However, the credit for tax paid overseas will need to be included on the IR1261 overseas income attachment. In these cases, the income type will have 0.00 in the gross amount but will have an amount in the tax credit.

Field	Description
overseasIncome	Each overseasIncome entry must have: • incomeType • taxJurisdiction (two-letter country code, ISO 3166-1 alpha-2, cannot be NZ) • grossAmount (can be negative) • taxCredit (cannot be negative) Available incomeType values are: • INT (Interest) • DIV (Dividends) • CFC (Controlled foreign company income) • FIF (Foreign investment fund income) • FIN (Financial arrangements) • FOR (Foreign employment/Service) • PEN (Pensions) • REN (Rental income) • NONNZ (Non-NZ Trust) • OTHER (Other)
grossAmount	The sum of grossAmount must equal the value of overseasIncome totalIncome in the IR3.
taxCredit	The sum of taxCredit must equal the value of overseasIncome totalTaxPaid in the IR3.
Allowable Overseas Tax Credit	This amount should be provided in taxCredit field. This will be calculated per income type per jurisdiction using the formula: (Gross amount[1]) x Tax on taxable income / Income after expenses [1] gross amount is the overseas income amount for the particular income type.

2.18.1 Allowable overseas tax credit calculation example

IR3:	
Overseas income	17,512.32
Overseas tax credit	2,579.77
Net rents	17,886.51
Income after expenses	35,398.83
Tax on taxable income	5,214.65

IR1261:			
Income Type	**Tax Jurisdiction**	**Gross**	**Calculated Allowable Overseas Tax Credit**
INT	AU	468.38	69.00
CFC	US	7,000.92	1,031.32
DIV	AU	4,138.46	609.64
PEN	GB	5,904.56	869.81
Total		**17,512.32**	**2,579.77**

3 Additional Information Applicable to All Returns

3.1 Optional Fields

If the field is defined as optional in the schema, it can be omitted altogether: no null value, no value specified. If the field is required but a value isn't held, Inland Revenue requires that a zero is entered in the field (unless there is an error code condition that the value must be greater than zero).

3.2 Retrieve Return

1. When a return is submitted via GWS, Inland Revenue can only retrieve the return once it has been processed by START (status 200).

2. Refunds are not displayed in the retrieve return response as START rules may override the requests made.

3. If an amendment to the return is done via myIR, Inland Revenue will get the updated details when the return is retrieved again.

3.3 Transfers – Effective Dates

1. Transfer to same/associated person effective date

When the customer does not specify a transfer date, Inland Revenue's policy is to transfer credits at the date (allowable by TAA section 173M) that:

1. Maximises credit use of money interest (generally today's date), and/or

2. Minimises debit use of money interest and/or late payment penalties. This would be the later of:

- The due date for the debit that is incurring penalties or debit UOMI

- The date the credit became available:

    o Credit assessment: Use the effective date of the return credit transaction

    o Payment or inward transfer: Use the effective date of that transaction

    o Credit UOMI: Always transfer at today's date

For requests to transfer income tax paid in excess of the amount properly payable to a date earlier in time, either to a different period within the taxpayer's income tax account or to a period within another taxpayer's account, and the effect on imputation credit accounts of actioning that request, refer to the Op Info article issued on 5 February 2020 - Part 10B transfers of excess tax, effective date for ICA entries.

2. Transfer to non-associated taxpayer effective date

For transfers between non-associated taxpayers, the transfer date will remain the later of:

- The day the transfer was requested

- The day after the relevant return was filed for the period in which the refund arose.

3. GST transfers on or after 1 April 2018 - effective date

The effective date for transferring a GST refund arising in periods ending on or after 1 April 2018 will now depend on when the GST return is filed:

GST return filed	Effective Date
Before the due date	Refund can only be transferred on the earlier of: • The day after the return was filed • The day after the end of the GST return period where the transfer is coming from.
On the due date	Refund can only be transferred on the day after the end of the GST return period.
After the due date	Refund can only be transferred on the day after the return was filed.
Not an associated customer	Transfer date will remain the later of: • The date the transfer was requested, • The day after the relevant return was filed for the period in which the refund arose.

3.4 Transfers – Tax Credit Claims (REB)

Despite sections 173L and 173M, if a taxpayer makes a request to transfer a refund arising from a tax credit referred to in section 41A, the taxpayer may choose only the later of the following dates:

1. A date that occurs on or after the date of the request; and

2. A date that occurs after the date on which the taxpayer applies for a refund under section 41A

3.5 Transfers – Requests to/from specific accounts

AIM Shareholder provisional tax payment transfer requests:

For the end of year process for 31 March 2019 the AIM company will notify Inland Revenue of the amounts to be transferred and whom to transfer them to.

3.6   Gross Dividends – error rules

- dividendIncome: totalImputationCredits cannot be greater than 28% of the dividendIncome: totalGrossDividends

- the sum of dividendIncome: totalImputationCredits and dividendIncome: totalRWTCredits cannot be greater than 33% of dividendIncome: totalGrossDividends

3.7   Scenarios That Can Put a Return into Review

- The lossesBroughtForward amount does not match the previous return.

- The imputationBroughtForward amount does not match the previous return.

- The rlwtCredit amount is higher than the allowable rlwtCredit.

- The overseasIncome: totalTaxPaid amount is greater than the overseasIncome: totalIncome.

3.8   Loss Carry Back Field

Note: This field is applicable for 2021 income year only.

The lossCarriedBackPriorYear field can only be used if the customer has the Loss Carry Back indicator applied for the income period. This indicator will only be applied by Inland Revenue where the customer has signalled their intent to use the Loss carry back scheme by submitting a request via myIR. A successful submission results in the indicator being updated to the customer's income period in real-time.

If the field is used without the loss carry back indicator being present, the GWS Return service will return error 2228. The error can then be resolved by the customer taking either of the following actions:

- Request Loss Carry Back for the correct year in myIR before attempting to resubmit the return via GWS, or

- Remove the amount from the lossCarriedBackPriorYear field, where this has been entered in error.

3.9   Property Interest Limitation – interest expense claimed

From 1 October 2021, interest is not deductible for residential property acquired on or after 27 March 2021. For properties acquired before 27 March 2021, the ability to deduct interest will be phased out between 1 October 2021 and 31 March 2025. Some exemptions apply as per the reason options available under the interestExpenseClaimedReason field (see the list of new Property Interest Limitation fields below).

The following table outlines the percentage of interest that can be claimed until interest deductions are phased out:

Date interest incurred	Percentage of the interest that can be claimed
1 April 2020 to 31 March 2021	100%
1 April 2021 to 30 September 2021	100%
1 October 2021 to 31 March 2022	75%
1 April 2022 to 31 March 2023	75%
1 April 2023 to 31 March 2024	50%
1 April 2024 to 31 March 2025	25%

The following Property Interest Limitation fields are being added to returns from the 2022 year:

- totalInterest *(the total interest on residential property)*

- interestExpenseClaimed *(the amount of interest being claimed as an expense in the return)*

- interestExpenseClaimedReason *(at least one reason must be selected if the interestExpenseClaimed field has a non-zero value)*

- interestExpenseClaimedReason options:

    o notResidentialOrMaoriExempt (A Māori exempt company or not a residential land company)

    o propertyNotInNz (Certain schedule 15 exclusions or property not in NZ)

    o loansDrawnDown (Loans drawn down prior to 27 March 2021 or interest incurred before 1 October 2021) **Note:** The wording 'or interest incurred before 1 October 2021' is only applicable for the 2022 filing period. It does not apply to the 2023 or later tax years.

    o newBuildExemption (New build exemption)

    o developmentExemption (Development exemption or land business exemption)

    o emergencyTransitionalSocialCouncil (Emergency, transitional, social or council housing)

    o buildToRentExclusion (Approved Build-to-rent exclusion). **2023 year onwards.**

      Note: The exclusion applies from 1 October 2021 for qualifying build-to-rent developments. The Ministry of Housing and Urban Development is

responsible for the approval of qualifying developments. Proposed build-to-rent asset class definition:

- at least 20 dwellings in one or more buildings that comprise a single development, on either a single parcel of land or multiple contiguous parcels
- the dwellings and any common land or facilities for those dwellings have a single owner
- dwellings can be held in one or more titles
- the building that a build-to-rent dwelling is in can include other dwellings or commercial premises that do not form part of the build-to-rent development (for example, an apartment block that has shops on the ground floor)
- the dwellings are used or available for rent under the Residential Tenancies Act 1986
- explicit personalisation policies must be offered, over and above the Residential Tenancies Act 1986
- tenants must be offered a fixed-term tenancy of at least 10 years with the ability to give 56 days' notice of termination, but they may agree to or request other tenancy offers.

As these fields are information only, if an amount is entered in the interestExpenseClaimed field in any of the returns (IR3, IR3NR, IR4, IR6, IR7, IR8, IR9 or IR44), this amount must **also** be included in the appropriate expenses or deductions field to ensure it is included in the return calculations.

However, if an amount is entered in the interestExpenseClaimed field in the **IR3R**, it will be included in the totalExpenses field calculation from 2022 (instead of the interestAmount field - refer section 2.14).

3.10   Matariki Public Holiday

From 2022, a new Matariki public holiday is being added to the NZ calendar. The actual date will shift every year to align with the Māori lunar calendar system, with the first date being 24 June 2022. The dates for the next 30 years can be found at this website:

Matariki holiday dates for next thirty years announced | Beehive.govt.nz

Inland Revenue will be treating Matariki as a standard public holiday for the purposes of all due dates, billing, and penalties and interest.

3.11   39% tax rate and provisional tax impacts

With the enactment of the Taxation (Income Tax Rate and Other Amendments) Act 2020 a top personal income tax rate of 39% applies for the 2021–22 and later income years on annual personal income that exceeds $180,000.

For the provisional tax **Standard method**, there has been no change to the standard provisional uplift; it remains at 105% of the previous year's residual income tax. Therefore, no changes are required to the way software providers calculate the provisional tax outcome to reflect the 39% tax rate, and the current calculation logic can continue to be applied with regards to the calculation of future provisional tax.

However, software providers that offer **AIM** capable software will need to account for a potential increase in tax on taxable income due to the 39% tax rate.

3.12   Early payment discount for provisional tax

From 1 April 2022 the early payment discount for provisional tax is reducing from the current rate of 6.7% to a new rate of **2%**.

3.13   Amount of loss available to carry forward

The amount of loss available to carry forward to the next tax year will be a net result of the lossesBroughtForward from the previous year and/or loss incurred for the year less the total amount of lossesClaimedThisYear together with the balance of any of imputationCreditsAttached converted to a loss and available to be carried forward to the next tax year.

The amount of lossesBroughtForward will be automatically retrieved from IR's income profile. Losses from the last return filed in the software should not be used, as IR may extinguish a loss between return filings.

3.14   Rounding rule

Inland Revenue adopts and applies the Gaussian (Banker's) rounding rule in all cases where it is required to be performed. Under this method, the value is rounded to the **nearest even number**, as opposed to standard rounding where the value is rounded to the nearest number.

3.15   Loss extinguishment of ring-fenced residential losses

Proposed changes included in the **Taxation (Annual Rates for 2022-23, Platform Economy, and Remedial Matters) Bill** due to be enacted by March 2023, would enable the Commissioner to extinguish excess deductions ring-fenced under subpart EL of the Income Tax Act 2007 when a taxpayer's tax debt is written off. The amount extinguished would be limited to the amount of the tax debt written off, taking into account the tax value of the ring-fenced residential rental losses using a 33% rate for non-companies and 28% for companies.

When filing the INC return for the following year, the residentialRentalIncome excessDeductionsBroughtForward field will automatically retrieve the adjusted value from the income profile when the Income API or INC Returns Service Prepop calls the 'RINGFWD – Residential rental deductions carried forward' income type.

4 Appendix: Tax Rates

Tax rates from 1 April 2022

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 to $180,000	33%
$180,001 upwards	39%
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 to $180,000	33%
$180,001 upwards	39%

Maori authorities - *Income Tax Act 2007, Sch 1, Part A, cl 7.*	
Taxed at a flat rate of 17.5%	

Maori authorities - *Income Tax Act 2007, Sch 1, Part A, cl 7.*

5 Appendix: PIR Rates

To calculate the Correct PIR, work out the amount of income for each of the last two years, then choose the lower PIR for the current year.

Taxable income was:	and taxable income plus PIE income	PIR
$14,000 or less	$48,000 or less	10.5%
$48,000 or less	$70,000 or less	17.5%
All other cases		28%

6 Appendix: SL Repayment Thresholds and Rates

Threshold and rates for 2013 – 2023

Income year	Annual repayment threshold	Repayment rate	Adjusted net income threshold
2023	$21,268	12%	$500.00
2022	$20,280	12%	$500.00
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

7 Appendix: WfFTC information

7.1 Entitlement Rates and Thresholds 1st April 2022 to 31st March 2023

WfFTC Component	Criteria	Annual Entitlement & Abatement rates, and Thresholds level
Family Tax Credit (FTC)	First child	$6,642
	Subsequent children	$5,412
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	$38,647
	Prescribed amount	$32,864
Threshold level	No abatement for income under or equal to	$42,700
	Abatement Rate	27%
Abatement rate formula	Each child born **on or after start date** of **01 April 2022**	{([{(Family income – 42,700) * 27%} * (days/365)] – {(FTC * days/365) + (IWTC or CTC * weeks/52)}) * (365/days)}

Note: A customer will no longer qualify for CTC if they are eligible for IWTC.

7.2   Best Start tax credit

Best Start tax credit (BSTC) is a payment up to $3,388 per year (or $65 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 April 2022**
0 – 1 year old	N/A	N/A	$3,388 / $65 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.

Note: BSTC is abated separately from other WfFTC components.

8 Appendix: PIE tax calculation examples

8.1 Example 1 - PIE debit outcome, correct rate at year end, no rate change

IR3 inputs

selfEmployedIncome = 30,000
totalTaxableIncome = 30,000
amountOfIETCClaimed = 520

PIE Tax Calculation

pieIncome>totalIncome = 10,000
pieIncome>totalTaxCredits = 1,000
RateYearEnd = 10.5%
correctRate = 10.5%
RateChanged = false
Remaining PIE amount = 1,000 – (10,000 x 10.5% = 1,050) = -50 (as RateChanged = false)
PIEdebit = 0
PIEcredit = 0

Remaining calculation
taxOnTaxableIncome = 30,000 x individual tax rates = 4,270
residualIncomeTax = 4,270 -520 = 3,750

8.2 Example 2 - PIE debit outcome, correct rate at year end but rate change

IR3 inputs

selfEmployedIncome = $30,000
totalTaxableIncome = $30,000
amountOfIETCClaimed = $520

PIE Tax Calculation

pieIncome>totalIncome = 10,000
pieIncome>totalTaxCredits = 1,330
RateYearEnd = 17.5%
correctRate = 17.5%
RateChanged = true
Remaining PIE amount = 1,330 – (10,000 x 17.5% = 1,750) = -420
PIEdebit = 420
PIEcredit = 0

Remaining calculation
taxOnTaxableIncome = 420 + (30,000 x individual tax rates = 4,270) = 4,690
residualIncomeTax = 4,690 -520 = 4,170

8.3 Example 3 - PIE debit outcome, incorrect rate at year end, no rate change

IR3 inputs

selfEmployedIncome = $30,000
totalTaxableIncome = $30,000
amountOfIETCClaimed = $520

PIE Tax Calculation

pieIncome>totalIncome = 10,000
pieIncome>totalTaxCredits = 1,050
RateYearEnd = 10.5%
correctRate = 28%
RateChanged = false
Remaining PIE amount = 1,050 – (10,000 x 28% = 2,800) = -1,750
PIEdebit = 1,750
PIEcredit = 0

Remaining calculation
taxOnTaxableIncome = 1,750 + (30,000 x individual tax rates = 4,270) = 6,020
residualIncomeTax = 6,020 -520 = 5,500

8.4 Example 4 - PIE debit outcome, incorrect rate at year end but rate was changed

IR3 inputs

selfEmployedIncome = $30,000
totalTaxableIncome = $30,000
amountOfIETCClaimed = $520

PIE Tax Calculation

pieIncome>totalIncome = 10,000
pieIncome>totalTaxCredits = 1,750
RateYearEnd = 10.5%
correctRate = 28%
RateChanged = true
Remaining PIE amount = 1,750 – (10,000 x 28% = 2,800) = -1,050
PIEdebit = 1,050
PIEcredit = 0

Remaining calculation
taxOnTaxableIncome = 1,050 + (30,000 x individual tax rates = 4,270) = 5,320
residualIncomeTax = 5,320 -520 = 4,800

8.5 Example 5 - PIE credit outcome, incorrect rate at year end

IR3 inputs

selfEmployedIncome = 30,000
totalTaxableIncome = 30,000
amountOfIETCClaimed = 520

PIE Tax Calculation

pieIncome>totalIncome = 10,000
pieIncome>totalTaxCredits = 2,800
RateYearEnd = 28%
correctRate = 17.5%
RateChanged = false
Remaining PIE amount = 2,800 – (10,000 x 17.5% = 1,750) = 1,050
PIEdebit = 0
PIEcredit = 1,050

Remaining calculation
taxOnTaxableIncome = 30,000 x individual tax rates = 4,270
residualIncomeTax = 4,270 -520 – 1,050 = 2,700

8.6 Example 6 – PIE credit outcome, correct rate at year end, no rate change

IR3 inputs

selfEmployedIncome = 30,000
totalTaxableIncome = 30,000
amountOfIETCClaimed = 520

PIE Tax Calculation

pieIncome>totalIncome = 10,000
pieIncome>totalTaxCredits = 2,803
RateYearEnd = 28%
correctRate = 28%
RateChanged = false
Remaining PIE amount = 2,803 – (10,000 x 28% = 2,800) = 3
PIEdebit = 0
PIEcredit = 3

Remaining calculation
taxOnTaxableIncome = 30,000 x individual tax rates = 4,270
residualIncomeTax = 4,270 -520 – 3 = 3,747

8.7 Example 7 - Customer has a loss to carry forward but a PIE debit outcome

IR3 inputs

selfEmployedIncome = 20,000 loss
totalTaxableIncome = 0

PIE Tax Calculation

pieIncome>totalIncome = 10,000
pieIncome>totalTaxCredits = 1,050
RateYearEnd = 10.5%
correctRate = 28%
RateChanged = false
Remaining PIE amount = 1,050 – (10,000 x 28% = 2,800) = -1,750
PIEdebit = 1,750
PIEcredit = 0

Remaining calculation
taxOnTaxableIncome = 0
residualIncomeTax = 1,750

9 Appendix: Additional/modified Trust fields from 2022 income year

New legislation was introduced by the Government requiring Trusts to provide more information on their annual returns from the 2022 income year onwards. This section describes the new or modified fields in the IR6 return resulting from this legislation.

Note - Trusts that are excluded from complying:

Customers who determine that they do not need to comply with the new domestic trusts reporting requirements will need to indicate this on the return by checking the exemptFromCompliance field in the IR6 form. This will then ensure certain required field validations are switched off and the additional financial fields will not be required as indicated in the below tables.

9.1 Financials

From 2022, some new fields, as well as a series of fields currently captured on the IR10, will be added to the IR6. These fields should be completed as appropriate unless the Trust does not need to comply with the new reporting requirements.

Field	Notes/validation
exemptFromCompliance	True/false – if true: • All Statement of Profit or Loss and Statement of Financial position fields should be empty. • Validations for beneficiaryDOB, taxJurisdiction and beneficiaryIrdNumber/ taxIdNumber on IR6B will be disabled. • IR6S does not need to be completed at all, or if added, only settlorFullName will be mandatory.
Statement of Profit or Loss	
netProfitLossBeforeTax	$ field, not compulsory
taxAdjustments	$ field, not compulsory
unTaxedRealisedGainsAndReceipts	$ field, not compulsory, + only
Statement of financial position	
Assets	
financialArrangements	$ field, not compulsory, + only
assetsLand	$ field, not compulsory, + only
assetsLandValuation	from valuation list (possible values: H:historical cost, M:market value, T:taxbook value) – compulsory if there is a value in assetsLand
assetsBuildings	$ field, not compulsory, + only
assetsBuildingsValuation	from valuation list (possible values: H:historical cost, M:market value, T:taxbook value) – compulsory if there is a value in assetsBuildings
assetsShares	$ field, not compulsory, + only

assetsSharesValuation	from valuation list (possible values: H:historical cost, M:market value, T:taxbook value) – compulsory if there is a value in assetsShares
assetsTotal	$ field, not compulsory, + only
Liabilities	
financialArrangementsLiable	$ field, not compulsory, + only
liabilitiesTotal	$ field, not compulsory, + only
Equity	
equityOwners	$ field, not compulsory, + only
equityDrawings	$ field, not compulsory, + only
equityYearEndBalances	$ field, not compulsory

9.2 Beneficiaries

Trusts that are not excluded from complying will be required to provide additional Beneficiary information including foreign tax identification numbers and information on non-taxable distributions.

Field	Notes/validation
beneficiaryName	free text max 255 characters*, can be individual or non-individual
beneficiaryAddress	existing field – no change in validations
beneficiaryDOB	date – DOB for individuals or the commencement date for non-individuals, compulsory unless trust excluded from requirements (IR6 tick box)
taxJurisdiction	from country list - compulsory unless trust excluded from requirements (IR6 tick box)
IRD/TIN status: tinNotRequired or noJurisdictionTin	**tinNotRequired** - can be used for all jurisdictions **noJurisdictionTin** - cannot be used if taxJurisdiction = NZ
beneficiaryIrdNumber	mod-11, compulsory if taxJurisdiction = NZ and status is not **tinNotRequired**', not required if excluded from requirements (IR6 tick box), cannot be 000-000-000
taxIdNumber	free text max 50 characters, compulsory if taxJurisdiction not NZ and status is not **tinNotRequired** or **noJurisdictionTin**, not required if IRD number entered, excluded from requirements (IR6 tick box)
beneficiaryIsNonResident	Removed for 31/03/2022 onwards
Beneficiary income	
shareOfInterestIncome	existing field – no change in validations
shareOfDividendsIncome	existing field – no change in validations
shareOfMADistbutionsIncome	existing field – no change in validations
shareOfOverseasIncome	existing field – no change in validations
shareOfOtherIncome	existing field – no change in validations
taxableIncome	existing field – no change in validations
taxPaidByTrust	existing field – no change in validations
distributionByNonComplyingtrust	existing field – no change in validations
taxOnTaxableIncome	existing field – no change in validations
overseasTaxPaid	existing field – no change in validations
taxLessOverseasTaxPaid	existing field – no change in validations
dividendImputationCredit	existing field – no change in validations

taxLessDividendImputationCredit	existing field – no change in validations
otherPaidTaxCredits	existing field – no change in validations
taxLessOtherPaidTaxCredits	existing field – no change in validations
taxOnDistributionByNonComplyingTrust	existing field – no change in validations
beneficiaryTaxPayable	existing field – no change in validations
Beneficiary account movement	
openingBalance	$ field, not compulsory
accountingIncomeAllocated	$ field, not compulsory, + only
corpus	$ field, not compulsory, + only
capital	$ field, not compulsory, + only
useOfTrustProperty	$ field, not compulsory, + only
distributionTrustAssets	$ field, not compulsory, + only
forgivenessOfDebt	$ field, not compulsory, + only
withdrawnFromTrust	$ field, not compulsory (this field can be negative to allow for withdrawals that have been paid back)
closingBalance	calculated $ field (refer section 2.6 for field based calculation)

9.3 Settlors & Settlements

A settlement is where an asset is given by a settlor into a trust. These are now needing to be captured on the annual return as a new form to be filed with the IR6.

Note - Historic settlements:

For historic settlements, taxpayers are expected to declare all the required information where it is held. To allow for historic settlements where it is not possible to obtain all the required information, a noSettlementThisYear field is provided (see below table) which will disable all settlement field validations other than settlorFullName.

Field	Notes/validation
settlorFullName	free text max 255 characters*, can be individual or non-individual (no IR6S fields are required if trust excluded from requirements (IR6 tick box))
settlorCommence	date – DOB for individuals or the commencement date for non-individuals, compulsory unless trust excluded from requirements (IR6 tick box) or historic settlement (IR6S tick box), cannot be future date
taxJurisdiction	from country list - compulsory unless excluded from requirements (IR6 tick box) or historic settlement (IR6S tick box)
IRD/TIN status: tinNotRequired or noJurisdictionTin	**tinNotRequired** - can be used for all jurisdictions **noJurisdictionTin** - cannot be used if taxJurisdiction = NZ
settlorIrdNumber	mod-11, compulsory if taxJurisdiction = NZ and status is not **tinNotRequired**', not required if excluded from requirements (IR6 tick box) or historic settlement (IR6S tick box), cannot be 000-000-000
taxIdNumber	free text max 50 characters, compulsory if taxJurisdiction not NZ and status is not **tinNotRequired** or **noJurisdictionTin**, not required if IRD number entered, excluded from requirements (IR6 tick box) or historic settlement (IR6S tick box)
noSettlementThisYear	True/false - if true, validations are disabled on settlorCommence, taxJurisdiction, settlorIRDNumber/taxIdNumber (they will still be available, but optional) and allow submissions with no values in the seven fields below)
cash	$ field, not compulsory, + only, one of the seven currency fields is mandatory if trust is required to comply (IR6 tick box), not historic settlement (IR6S tick box) and not valued at nil (IR6S tick box)
financialArrangements	$ field, not compulsory, + only, one of the seven currency fields is mandatory if trust is required to comply (IR6 tick box), not historic settlement (IR6S tick box) and not valued at nil (IR6S tick box)

land	$ field, not compulsory, + only, one of the seven currency fields is mandatory if trust is required to comply (IR6 tick box), not historic settlement (IR6S tick box) and not valued at nil (IR6S tick box)
buildings	$ field, not compulsory, + only, one of the seven currency fields is mandatory if trust is required to comply (IR6 tick box), not historic settlement (IR6S tick box) and not valued at nil (IR6S tick box)
shares	$ field, not compulsory, + only, one of the seven currency fields is mandatory if trust is required to comply (IR6 tick box), not historic settlement (IR6S tick box) and not valued at nil (IR6S tick box)
services	$ field, not compulsory, + only, one of the seven currency fields is mandatory if trust is required to comply (IR6 tick box), not historic settlement (IR6S tick box) and not valued at nil (IR6S tick box)
other	$ field, not compulsory, + only, one of the seven currency fields is mandatory if trust is required to comply (IR6 tick box), not historic settlement (IR6S tick box) and not valued at nil (IR6S tick box)
otherDescription	free text max 255 characters, compulsory if other contains $ > 0
settlementZeroValue	True/false - if true, form can be submitted for current financial settlement with no figures/zeros in cash, financialArrangements, land, buildings, shares, services or other

9.4　Legislative references

The relevant changes to the Tax Administration Act 1994 are:
https://www.legislation.govt.nz/act/public/1994/0166/latest/LMS437234.html

Settlors/settlements:

59BA Annual return for trusts

(2) A trustee who is required to file a return for a tax year under subsection (1) and does not meet the requirements of subsection (3) must make the return in the form prescribed by the Commissioner and include, unless otherwise required by the Commissioner,—

(b) the amount, and nature, of each settlement that—

(i) is not the provision to the trustee, at less than market value, of minor services incidental to the activities of the trust; and

(ii) is made on the trust in the income year:

(c) the name, date of birth, jurisdiction of tax residence, and tax file number and taxpayer identification number, of each settlor who makes a settlement on the trust in the income year or whose details have not previously been supplied to the Commissioner:

Beneficiaries:

59BA Annual return for trusts

(2) A trustee who is required to file a return for a tax year under subsection (1) and does not meet the requirements of subsection (3) must make the return in the form prescribed by the Commissioner and include, unless otherwise required by the Commissioner,—

(d) for each distribution made by the trustee of the trust in the income year,—

(i) the amount of the distribution:

(ii) the name, date of birth, jurisdiction of tax residence, and tax file number and taxpayer identification number, of the beneficiary who receives the distribution:

Financials:

59BA Annual return for trusts

(2) A trustee who is required to file a return for a tax year under subsection (1) and does not meet the requirements of subsection (3) must make the return in the form prescribed by the Commissioner and include, unless otherwise required by the Commissioner,—

(a) a statement of profit or loss and a statement of financial position:

Trusts that are excluded from complying:

59BA Annual return for trusts

(3) A trustee of a trust who is required to file a return for a tax year under subsection (1) is not required to file a return in the form required by subsection (2) if—

(a) the trustee is excluded from the requirement to make a return by section 43B (which relates to non-active trusts):

(b) the trustee is required to make a return by section 59D (which relates to foreign trusts):

(c) the trustees of the trust are incorporated as a board under the Charitable Trusts Act 1957:

(d) the trust is a charitable trust registered under the Charities Act 2005:

(e) the trustee is eligible under section HF 2 of the Income Tax Act 2007 to choose under section HF 11 of that Act to become a Maori authority:

(f) the trust is a widely-held superannuation fund, as defined in section YA 1 of the Income Tax Act 2007:

(g) the trust is an employee share scheme that is an exempt ESS, as defined in section YA 1 of the Income Tax Act 2007:

(h) the trustee is a debt funding special purpose vehicle, as defined in section YA 1 of the Income Tax Act 2007:

(i) the trustee is a lines trust established under the Energy Companies Act 1992.

10 Appendix: Residential income fields

As shown in the various Income tax operations tables in Section 2, there are three new residential income fields being added to the GWS Return Service for 2023.

The definition of **Residential income** is contained under EL 3 of the Income Tax Act 2007.

https://www.legislation.govt.nz/act/public/2007/0097/latest/LMS223666.html

The three new fields for 2023 are:

grossResRentalIncome - Gross residential rent that is subject to ring-fencing only, EL 3 (a)
netBrightlineProfits - Net Brightline profit only, losses not captured, a component of EL 3 (c)
otherResIncome - The remaining residential income defined under section EL3 that isn't covered already – EL 3 (ab), EL 3 (b), EL 3 (c) that isn't Brightline, EL 3 (d)

totalIncome – Sum of the three above (existing field)

10.1   Residential income and partnerships – calculation examples

Some examples are provided here to show how partnership residential income flows through to each partner's individual tax return. The first example is for the 2021/22 income year, and the second example shows how the new fields work for the 2022/23 income year.

10.1.1 Example one: 31/03/2022

Item	Amount	GWS Field
IR7 31/03/2022 for Hone & Sam partnership		
Total residential income	$8,000	residentialRentalIncome totalIncome
Residential rental deductions	$9,600	residentialRentalIncome residentialRentalDeductions
IR7L/IR7P 31/03/2022 #1 Hone		
Total residential income	$4,000	incomeAttribution shareOfResidentialRentalIncome
Residential rental deductions	$4,800	incomeAttribution shareOfResidentialRentalDeductions
IR7L/IR7P 31/03/2022 #2 Sam		
Total residential income	$4,000	incomeAttribution shareOfResidentialRentalIncome
Residential rental deductions	$4,800	incomeAttribution shareOfResidentialRentalDeductions
IR3 31/03/2022 for partner #1 Hone		
Total residential income	$4,000	residentialRentalIncome totalIncome
Residential rental deductions	$4,800	residentialRentalIncome residentialRentalDeductions
Excess residential rental deductions brought forward	$0	residentialRentalIncome excessDeductionsBroughtForward
Residential rental deductions claimed this year	$4,000	residentialRentalIncome deductionsClaimedThisYear
Net residential income	$0	residentialRentalIncome netIncome
Excess residential rental deductions carried forward	$800	residentialRentalIncome excessDeductionsCarriedForward
IR3 31/03/2022 for partner #2 Sam		
Total residential income	$4,000	residentialRentalIncome totalIncome
Residential rental deductions	$4,800	residentialRentalIncome residentialRentalDeductions

Item	Amount	GWS Field
Excess residential rental deductions brought forward	$0	residentialRentalIncome excessDeductionsBroughtForward
Residential rental deductions claimed this year	$4,000	residentialRentalIncome deductionsClaimedThisYear
Net residential income	$0	residentialRentalIncome netIncome
Excess residential rental deductions carried forward	$800	residentialRentalIncome excessDeductionsCarriedForward

10.1.2 Example two: 31/03/2023

Item	Amount	GWS Field
IR7 31/03/2022 for Hone & Sam partnership		
Gross residential rental income	$3,000	residentialRentalIncome grossResRentalIncome
Brightline profit	$2,000	residentialRentalIncome netBrightlineProfits
Other residential income	$5,000	residentialRentalIncome otherResIncome
Combined residential income	$10,000	residentialRentalIncome totalIncome
Residential rental deductions	$8,000	residentialRentalIncome residentialRentalDeductions
IR7L/IR7P 31/03/2022 #1 Hone		
Combined residential income	$5,000	incomeAttribution shareOfResidentialRentalIncome
Residential rental deductions	$4,000	incomeAttribution shareOfResidentialRentalDeductions
IR7L/IR7P 31/03/2022 #2 Sam		
Combined residential income	$5,000	incomeAttribution shareOfResidentialRentalIncome
Residential rental deductions	$4,000	incomeAttribution shareOfResidentialRentalDeductions
IR3 31/03/2022 for partner #1 Hone		
Gross residential income	$1,500	residentialRentalIncome grossResRentalIncome
Brightline profit	$1,000	residentialRentalIncome netBrightlineProfits
Other residential income	$2,500	residentialRentalIncome otherResIncome
Combined residential income	$5,000	residentialRentalIncome totalIncome
Residential rental deductions	$4,000	residentialRentalIncome residentialRentalDeductions
Excess residential rental deductions brought forward	$800	residentialRentalIncome excessDeductionsBroughtForward
Residential rental deductions claimed this year	$4,800	residentialRentalIncome deductionsClaimedThisYear
Net residential income	$200	residentialRentalIncome netIncome
Excess residential rental deductions carried forward	$0	residentialRentalIncome excessDeductionsCarriedForward
IR3 31/03/2022 for partner #2 Sam		
Gross residential income	$1,500	residentialRentalIncome grossResRentalIncome
Brightline profit	$1,000	residentialRentalIncome netBrightlineProfits
Other residential income	$2,500	residentialRentalIncome otherResIncome

Combined residential income	$5,000	residentialRentalIncome totalIncome
Residential rental deductions	$4,000	residentialRentalIncome residentialRentalDeductions
Excess residential rental deductions brought forward	$800	residentialRentalIncome excessDeductionsBroughtForward
Residential rental deductions claimed this year	$4,800	residentialRentalIncome deductionsClaimedThisYear
Net residential income	$200	residentialRentalIncome netIncome
Excess residential rental deductions carried forward	$0	residentialRentalIncome excessDeductionsCarriedForward

11 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)
MSD	Ministry of Social Development
PIE	Portfolio Investment Entity
PIR	Prescribed investor rate
TIN	Taxpayer identification number

12 Change log

This table lists all changes that have been made to this document for the 2023 release.

Version	Date	Document section	Description
V0.50	09/11/2022		Updated information for 2023 year (highlighted in <mark>yellow</mark>):
		2.1, 2.3, 2.4, 2.6, 2.7, 2.8, 2.10, 2.11	• Total residential income field being replaced with three new sub fields and a calculated total residential income field.
		2.1	• New pieIncome correctRateOverride field added to the IR3.
		2.3	• Three new required Tax Identification Number (TIN) fields added to the IR3NR.
		2.4	• Description added for 'Shareholders current account balance' (information only).
		2.5.1	• Information added for changes to IR4J filing requirements for consolidated/income groups.
		2.6.1	• Information added for changes to IR6 filing requirements for non-active trusts.
		2.17	• Calculation formula added for Donation tax credits (information only).
		2.18	• New IR1261 (overseas income) attachment added.
		3.9	• New buildToRentExemption option added to interestExpenseClaimedReason. Amended definition of loansDrawnDown option.
		3.14	• Information added on the rounding rule used by IR.
		3.15	• Information on the loss extinguishment of ring-fenced residential losses.

Version	Date	Document section	Description
		6 & 7	• Information in 'SL Repayment Thresholds & Rates' and 'WfFTC Information' updated for 2023 year.
		10	• Section added to illustrate use of new Residential income fields.
		2.1	Information in the PIE Tax Calculation description has been highlighted in green for visibility. Also, further information provided for when there is a Remaining PIE amount.
V0.80 (changes highlighted in blue)	30/11/2022	2.1	• Green highlighting removed from PIE Tax Calculation description.
		2.4	• Information on Decommissioning expenditure fields added.
		3.9	• Name of new buildToRentExemption option changed to buildToRentExclusion. Noted that the Ministry of Housing and Urban Development is responsible for approving Build to Rent developments.
		3.13	• Information added regarding losses brought forward being retrieved from IR's income profile.