

Inland Revenue

## Build pack: Return Service— Income Tax Additional Information 2021

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## Contents

<b>1</b>	<b>Overview .....</b>	<b>4</b>
1.1	This solution.....	4
1.2	Intended audience .....	4
<b>2</b>	<b>Income Tax operations – Additional Information .....</b>	<b>5</b>
2.1	IR3 (Individual income tax return) .....	5
2.2	CALC .....	10
2.3	IR3NR (Non-resident individual income tax return).....	11
2.4	IR4 (Companies income tax return).....	13
2.5	IR4J (Annual imputation return) .....	15
2.6	IR6 (Estate or trust income tax return).....	16
2.7	IR7 (Partnerships and look-through companies income tax return).....	19
2.8	IR8 (Māori authorities income tax return) .....	21
2.9	IR8J (Maori authority credit account return) .....	23
2.10	IR9 (Clubs or societies income tax return).....	24
2.11	IR44 (Registered superannuation funds income tax return) .....	26
2.12	IR3B (Schedule of business income).....	28
2.14	IR3R (Rental income schedule) .....	29
2.15	IR10 (Financial statements summary) .....	30
2.16	IR833 (Property sale information) .....	32
2.17	Donation Tax Credits .....	33
<b>3</b>	<b>Additional Information Applicable to All Returns .....</b>	<b>35</b>
3.1	Optional Fields.....	35
3.2	Retrieve Return .....	35
3.3	Transfers – Effective Dates.....	35
3.4	Transfers – Tax Credit Claims (REB).....	36
3.5	Transfers – Requests to/from specific accounts.....	36
3.6	Gross Dividends – error rules .....	37
3.7	Scenarios That Can Put a Return into Review.....	37
<b>3.8</b>	<b>Loss Carry Back Field .....</b>	<b>37</b>
<b>4</b>	<b>Appendix: Tax Rates .....</b>	<b>38</b>
<b>5</b>	<b>Appendix: PIR Rates .....</b>	<b>39</b>
<b>6</b>	<b>Appendix: SL Repayment Thresholds and Rates .....</b>	<b>40</b>
<b>7</b>	<b>Appendix: WfFTC information .....</b>	<b>41</b>
7.1	Entitlement Rates and Thresholds <b>1st April 2020 to 31st March 2021</b> .....	41
7.2	Best Start tax credit .....	42
<b>8</b>	<b>Appendix: PIE tax calculation examples .....</b>	<b>43</b>

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8.1	Example 1 - PIE debit outcome, correct rate at year end, no rate change.....	43
8.2	Example 2 - PIE debit outcome, correct rate at year end but rate change .....	43
8.3	Example 3 - PIE debit outcome, incorrect rate at year end, no rate change .....	44
8.4	Example 4 - PIE debit outcome, incorrect rate at year end but rate was changed ...	44
8.5	Example 5 - PIE credit outcome, incorrect rate at year end .....	45
8.6	Example 6 – PIE credit outcome, correct rate at year end, no rate change .....	45
8.7	Example 7 - Customer has a loss to carry forward but a PIE debit outcome .....	46
<b>9</b>	<b>Glossary .....</b>	<b>47</b>
<b>10</b>	<b>Change log.....</b>	<b>48</b>

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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](http://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
<b>totalTaxDeducted</b>	totalTaxDeducted = totalPAYEDeducted - ACC earners' levy - totalExtinguishedTCPDs (2019 onwards)  Note: ACC earners levy is totalGrossIncome x <a href="#">ACC earners levy rate</a> <b>Note:</b> There is a maximum amount of earnings on which earners levy is payable and maximum levy payable
<b>ItcAdjustedIncome</b>	ItcAdjustedIncome = ItcIncome totalIncome + ItcNonAllowableDeductions - ItcPriorYearNonAllowableDeductionsClaimed
<b>taxCreditSubtotal</b>	taxCreditSubtotal = totalTaxDeducted + taxDeductedFromSchedularPayments + interestIncome totalTaxPaid + dividendIncome totalRWTCredits + maoriAuthorityDistributions totalMACredits + pieIncome totalTaxCredits (2019 and 2020 only) + totalTaxPaidByTrustees + partnershipIncome totalTaxCredits + ItcIncome totalTaxCredits + shareholderAIMTaxPaid (2020 onwards) + rlwtCredit (2017 onwards)
<b>residentialRentalIncome netIncome</b>	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
<b>residentialRentalIncome excessDeductionsCarried Forward</b>	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
<b>Amount of loss available to carry forward</b>	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear (2021 only).
<b>totalTaxableIncome</b>	totalTaxableIncome = totalGrossIncome + netSchedularPayments + interestIncome totalIncome

Field	Description
	+ 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
<b>amountOfIETCClaimed</b>	"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
<b>PIE Tax Calculation</b> (See <a href="#">Appendix 8</a> 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.

Field	Description
	<p>CorrectRateUsedAllYear is true when: correctRate = RateYearEnd and rateChanged is false (from Income API for every PIE returned).</p> <p>If correctRateUsedAllYear is true, pieCredit and pieDebit will both equal zero.</p> <p>If correctRateUsedAllYear is false, pieDebit will equal the Remaining PIE amount and pieCredit will equal zero.</p> <p>pieDebit is included in the taxOnTaxableIncome calculation.</p> <p>pieCredit is included in the residualIncomeTax calculation.</p> <p>(2021 onwards)</p> <p><b>Note:</b> 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 <a href="#">PIR rates table</a>. Choose the lower PIR for the current year.</p>
taxOnTaxableIncome	<p>taxOnTaxableIncome</p> <p>= pieDebit (2021 onwards)</p> <p>+ totalTaxableIncome x <a href="#">Individual Tax Rates</a> (except where totalTaxableIncome is a negative amount; then treat as zero)</p> <p><b>Note</b> Need to exclude totalTaxableDistributionFromNCTrusts from totalTaxableIncome when calculating taxOnTaxableIncome. This is then calculated in residualIncomeTax</p>
residualIncomeTax	<p>residualIncomeTax</p> <p>= taxOnTaxableIncome</p> <p>+ (totalTaxableDistributionFromNCTrusts x <a href="#">Non complying trust rate</a>)</p> <p>- amountOfIETCclaimed</p> <p>- overseasIncome totalTaxPaid</p> <p>- dividendIncome totalImputationCredits</p> <p>- imputationBroughtForward</p> <p>- researchAndDevelopment nonrefundableCredit (2020 onwards)</p> <p>Where the sum of the above fields is:</p> <ul style="list-style-type: none"> <li>negative (a loss) then = 0 (zero)</li> <li>positive then = sum of the key points</li> </ul> <p>Then deduct refundable tax credits</p> <p>- researchAndDevelopment refundableCredit (2020 onwards)</p> <p>- taxCreditSubtotal</p> <p>- pieCredit (2021 onwards)</p>
Student Loan Assessment Calculation	<p>Student Loan Assessment = (Adjusted net income – Unused repayment threshold) * <a href="#">Repayment rate</a>, where:</p> <p>Adjusted net income =</p>

Field	Description
	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)
+	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)



Field	Description
	<p>+ nonResidentForeignSourcedIncome (IR215 prior to 2020 then uses WWI return)</p> <p>+ distributionFromTrusts (IR215)</p> <p>+ incomeFromPIE (IR215 prior to 2021)</p> <p>+ sIncomeEqualisationMainSchemeRefunds (IR215)</p> <p>+ Attributed income of a major shareholder in a close company calculation (IR215)</p> <p>+ Attributed dependent child/children's income of a major shareholder in a close company calculation (IR215 2021 onwards)</p> <p>Unused repayment threshold = (<a href="#">Annual Repayment threshold</a> - totalGrossIncome, excluding salary and wages from casual agricultural work (CAE) and election day work (EDW))</p> <p>However if (Adjusted net income - Unused repayment threshold) &lt; \$500, SL.Loan_Assessment = 0.</p> <p>If Interim_Repay_Option is S: SL.Interim_Repay = SL.Loan_Assessment*1.05, however if &lt; \$1,000, SL.Interim_Repay = 0.</p> <p>If Interim_Repay_Option is E: Enter the amount of the estimate.</p> <p>If Interim_Repay_Option is N:Value is zero</p>
<b>governmentSubsidies</b>	<p>The governmentSubsidies field is for customers who received a COVID-19 Wage subsidy from MSD as a self-employed worker, where tax was <b>not</b> deducted at source and passed on to Inland Revenue, e.g. via payroll. The full amount received for the income period (minus any amounts that may have been returned to MSD) should be entered into the governmentSubsidies field.</p>

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## 2.2CALC

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

Only field needed to provide for FILE request is nonBusinessExpenses

## 2.3IR3NR (Non-resident individual income tax return)

Field	Description
<b>totalTaxCredits</b>	totalTaxCredits = totalInterestRWT + totalDividendCredits + totalWithholdingTaxOnRoyalties
<b>totalNRWT</b>	totalNRWT = nrwtOnTotalInterest + nrwtOnTotalDividends + nrwtOnTotalRoyalties
<b>ItcAdjustedIncome</b>	ItcAdjustedIncome = ItcIncome totalIncome + ItcNonAllowableDeductions - ItcPriorYearNonAllowableDeductionsClaimed
<b>otherCredits</b>	otherCredits = nzIncomeWithTaxDeducted totalTaxPaid + maoriAuthorityDistributions totalMACredits + partnershipIncome totalTaxCredits + estateTrustIncome totalTaxCredits + ItcIncome totalTaxCredits
<b>residentialRentalIncome netIncome</b>	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
<b>residentialRentalIncome excessDeductionsCarried Forward</b>	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
<b>Amount of loss available to carry forward</b>	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear (2021 only).
<b>totalTaxableIncome</b>	totalTaxableIncome = nzIncomeWithTaxDeducted totalIncome + maoriAuthorityDistributions totalMADistributions + pieIncome totalIncome (2019 onwards) + partnershipIncome totalIncome + estateTrustIncome totalIncome + ItcAdjustedIncome + governmentSubsidies (2021 onwards) + residentialRentalIncome netIncome (2020 onwards) + netRentalIncome

Field	Description
	<p>+ selfEmployedIncome</p> <p>+ saleOfProperty (2019 onwards)</p> <p>+ otherIncome</p> <p>- otherExpenses</p> <p>- lossesClaimedThisYear</p> <p><b>Note:</b> Field can be reflected as negative amount</p>
<b>taxOnTaxableIncome</b>	<p>Where totalTaxableIncome is a negative amount then</p> <p>taxOnTaxableIncome is 0 (zero)</p> <p>Otherwise</p> <p>calculate taxOnTaxableIncome using totalTaxableIncome and <a href="#">Individual Tax Rates</a></p>
<b>residualIncomeTax</b>	<p>residualIncomeTax</p> <p>= taxOnTaxableIncome</p> <p>+ totalNRWT</p> <p>- researchAndDevelopment nonrefundableCredit (2020 onwards)</p> <p>Where the sum of the above fields:</p> <ul style="list-style-type: none"> <li>negative (a loss) then = 0 (zero)</li> <li>positive then = sum of the key points</li> </ul> <p>Then deduct refundable tax credits</p> <p>- researchAndDevelopment refundableCredit (2020 onwards)</p> <p>- totalTaxCredits</p> <p>- otherCredits</p> <p>- rlwtCredit (2017 onwards)</p>
<b>Tax Credit Payroll Donations</b>	<p>Tax credit payroll donations (TCPD) and extinguished TCPD cannot be included in the IR3NR return. This should be disclosed as totalTaxPaid less extinguished credits.</p>
<b>Excess imputation credits brought forward</b>	<p>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.</p>

## 2.4IR4 (Companies income tax return)

Field	Description
<b>overseasIncome totalTaxPaid</b>	Amount of overseasIncome totalTaxPaid is limited to taxOnTaxableIncome
<b>Total Tax Credits (Calculation field)</b>	Total Tax Credits = schedularPayments withholdingTaxDeducted + interestIncome totalTaxPaid + pieIncome totalTaxCredits (2019 onwards) + dividendIncome totalRWTCredits + maoriAuthorityDistributions totalMACredits + partnershipEstateTrustIncome totalTaxCredits
<b>residentialRentalIncome netIncome</b>	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
<b>residentialRentalIncome excessDeductionsCarried Forward</b>	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
<b>Amount of loss available to carry forward</b>	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear (2021 only).
<b>totalTaxableIncome</b>	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

Field	Description
	<p><b>For agent non-resident insurer customer</b></p> <p>totalTaxableIncome = totalTaxablePremium</p> <p><b>Note:</b> Field can be reflected as negative amount</p>
<b>taxOnTaxableIncome</b>	<p>Where totalTaxableIncome is a negative amount then</p> <p>taxOnTaxableIncome is 0 (zero)</p> <p>Otherwise</p> <p>taxOnTaxableIncome = totalTaxableIncome X <a href="#">Companies Tax rate</a></p>
<b>residualIncomeTax</b>	<p>residualIncomeTax = taxOnTaxableIncome - overseasIncome totalTaxPaid - <a href="#">foreignInvestorTaxCredit</a> - dividendIncome totalImputationCredits - researchAndDevelopment nonrefundableCredit (2020 onwards)</p> <p>Where the sum of the above fields:</p> <ul style="list-style-type: none"> <li>negative (a loss) then = 0 (zero)</li> <li>positive then = sum of the key points</li> </ul> <p>Then deduct refundable tax credits</p> <ul style="list-style-type: none"> <li>researchAndDevelopment refundableCredit (2020 onwards)</li> <li>Total Tax Credits</li> <li>rlwtCredit (2017 onwards)</li> </ul> <p><b>Note:</b> Field can be reflected as negative amount</p>
<b>Shareholder Subvention Payments</b>	<p>The total amount entered into shareholder subventionPayments must equal the amount entered into subventionPaymentsToFrom</p> <p><b>Any mismatches will result in the return falling into assessment review as the distributed amounts do not equal the amount available</b></p>

## 2.5IR4J (Annual imputation return)

Field	Description
<b>closingBalance</b>	<p>closingBalance</p> <p>= openingBalance</p> <p>- incomeTaxPaid</p> <p>- totalFDPPaid</p> <p>- totalRWTONInterest</p> <p>- imputationAndFDPCredits</p> <p>- otherCredits</p> <p>+ incomeTaxRefunded</p> <p>+ totalFDPRefunds</p> <p>+ imputationCreditsAttached</p> <p>+ otherDebits</p> <p><b>Note:</b> Field can be reflected as negative amount</p>
<b>furtherIncomeTaxPayable</b>	

## 2.6IR6 (Estate or trust income tax return)

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



Field	Description
<b>Amount of loss available to carry forward</b>	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear (2021 only).
<b>totalTrusteeIncome</b>	totalTrusteeIncome = trusteeIncome - totalExpensesClaimed - lossesClaimedThisYear  <b>Note:</b> Field cannot be negative amount
<b>taxOnTrusteeIncome</b>	taxOnTrusteeIncome = totalTrusteeIncome x <a href="#">Trustee tax Rate</a>
<b>trusteeShareOfOverseasTaxPaid</b>	trusteeShareOfOverseasTaxPaid = overseasIncome totalTaxPaid - beneficiary overseasTaxPaid (total beneficiaries)
<b>trusteeShareOfDivImpCredits</b>	Total imputation credits less imputations credits allocated to beneficiaries
<b>trusteeShareOfTaxCredits</b>	This includes trustee share of: interestIncome totalTaxPaid dividendIncome totalRWTCredits partnershipEstateTrustIncome totalTaxCredits pieIncome totalTaxCredits (2019 onwards) ltcIncome totalTaxCredits otherIncome totalTaxCredits rlwtCredit (2017 onwards)
<b>taxOnTrusteeIncomeLessCredits</b>	taxOnTrusteeIncomeLessCredits = taxOnTrusteeIncome - trusteeShareOfOverseasTaxPaid - trusteeShareOfDivImpCredits - researchAndDevelopment nonrefundableCredit (2020 onwards)  Where the sum of the above fields: <ul style="list-style-type: none"> <li>• negative (a loss) then = 0 (zero)</li> <li>• positive then = sum of the key points</li> </ul> Then <ul style="list-style-type: none"> <li>- researchAndDevelopment refundableCredit (2020 onwards)</li> <li>- trusteeShareOfTaxCredits</li> </ul>
<b>residualIncomeTax</b>	residualIncomeTax = taxOnTrusteeIncomeLessCredits - beneficiary beneficiaryTaxPayable (total beneficiaries)
<b>beneficiary taxableIncome</b>	beneficiary taxableIncome = beneficiary shareOfInterestIncome + beneficiary shareOfDividendsIncome + beneficiary shareOfMADistributionsIncome + beneficiary shareOfOverseasIncome

Field	Description
	+ beneficiary shareOfOtherIncome
<b>beneficiary taxLessOverseasTaxPaid</b>	beneficiary taxLessOverseasTaxPaid = beneficiary taxOnTaxableIncome - beneficiary overseasTaxPaid
<b>beneficiary taxLessDividendImputationCredit</b>	beneficiary taxLessDividendImputationCredit = beneficiary taxLessOverseasTaxPaid - beneficiary taxLessDividendImputationCredit
<b>beneficiary taxLessOtherPaidTaxCredits</b>	beneficiary taxLessOtherPaidTaxCredits = beneficiary taxLessDividendImputationCredit - beneficiary otherPaidTaxCredits
<b>beneficiary beneficiaryTaxPayable</b>	beneficiary beneficiaryTaxPayable = beneficiary taxLessOtherPaidTaxCredits - beneficiary taxOnDistributionByNonComplyingTrust
<b>Error Code 2075</b>	<p>An example of error code 2075 is where:</p> <p>Tax is paid by the Trust, and any of the beneficiary tax fields are non-zeros.</p> <p>The beneficiary tax fields are any of the following:</p> <ul style="list-style-type: none"> <li>beneficiary taxOnTaxableIncome</li> <li>beneficiary taxLessOverseasTaxPaid</li> <li>beneficiary taxLessDividendImputationCredit</li> <li>beneficiary taxLessOtherPaidTaxCredits</li> <li>beneficiary taxOnDistributionByNonComplyingTrust</li> <li>beneficiary beneficiaryTaxPayable</li> </ul>

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

Field	Description
<b>ItcAdjustedIncome</b>	This is either an assessable profit or a claimable loss. $\text{ItcAdjustedIncome} = \text{ItcIncome totalIncome} + \text{ItcNonAllowableDeductions} - \text{ItcPriorYearNonAllowableDeductionsClaimed}$
<b>residentialRentalIncome totalIncome</b>	This must match sum of all incomeAttribution shareOfResidentialRentalIncome
<b>residentialRentalIncome residentialRentalDeductions</b>	This must match sum of all incomeAttribution shareOfResidentialRentalDeductions
<b>totalIncome</b>	$\begin{aligned} \text{totalTaxableIncome} = & \text{schedularPayments totalIncome} \\ & + \text{interestIncome totalIncome} \\ & + \text{pieIncome totalIncome (2019 onwards)} \\ & + \text{dividendIncome totalGrossDividends} \\ & + \text{maoriAuthorityDistributions totalMADistributions} \\ & + \text{partnershipEstateTrustIncome totalIncome} \\ & + \text{overseasIncome totalIncome} \\ & + \text{residentialRentalIncome netIncome (2020 onwards)} \\ & + \text{businessIncome} \\ & + \text{netRentalIncome} \\ & + \text{saleOfProperty (2019 onwards)} \\ & + \text{otherIncome} \end{aligned}$
<b>totalIncomeLossAfterExpenses</b>	$\begin{aligned} \text{totalIncomeLossAfterExpenses} = & \text{totalIncome} \\ & - \text{totalExpenses} \end{aligned}$
<b>incomeAttribution totalIncome</b>	$\begin{aligned} \text{incomeAttribution totalIncome} = & \text{incomeAttribution shareOfInterestIncome} \\ & + \text{incomeAttribution shareOfDividendIncome} \\ & + \text{incomeAttribution shareOfMADistribution} \\ & + \text{incomeAttribution shareOfOverseasIncome} \\ & + \text{incomeAttribution shareOfResidentialRentalIncome} \\ & + \text{incomeAttribution shareOfRentalIncome} \\ & + \text{incomeAttribution shareOfPassiveIncome} \\ & + \text{incomeAttribution shareOfOtherIncome} \end{aligned}$
<b>incomeAttribution shareOfOverseasTaxPaid overseasIncome totalTaxPaid</b>	This include share of overseasIncome totalTaxPaid
<b>incomeAttribution shareOfImputationCredits</b>	This include share dividendIncome totalImputationCredit

Field	Description
<b>incomeAttribution shareOfOtherTaxCredits</b>	<p>This should include share of following tax credits:</p> <ul style="list-style-type: none"> <li>• schedularPayments withholdingTaxDeducted</li> <li>• interestIncome totalTaxPaid</li> <li>• dividendIncome totalIRWTCredit</li> <li>• maoriAuthorityDistributions totalMACredits</li> <li>• partnershipIncome totalTaxCredits</li> <li>• ltcIncome totalTaxCredits</li> <li>• pieIncome totalTaxCredits (2019 onwards)</li> <li>• rlwtCredit (2017 onwards)</li> </ul>
<b>Joint Investment Income</b>	<p>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.</p> <p>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.</p>

## 2.8IR8 (Māori authorities income tax return)

Field	Description
<b>residentialRentalIncome netIncome</b>	residentialRentalIncome netIncome (2020 onwards) = residentialRentalIncome totalIncome (2020 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
<b>residentialRentalIncome excessDeductionsCarried Forward</b>	residentialRentalIncome excessDeductionsCarriedForward (2020 onwards) = residentialRentalIncome residentialRentalDeductions (2020 onwards) + residentialRentalIncome excessDeductionsBroughtForward (2021 onwards) - residentialRentalIncome deductionsClaimedThisYear (2020 onwards)
<b>Amount of loss available to carry forward</b>	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear (2021 only).
<b>totalTaxableIncome</b>	totalTaxableIncome = residentialRentalIncome netIncome (2020 onwards) + saleOfProperty (2020 onwards) + grossInterest + grossDividends + maoriAuthorityDistributions + netRentalIncome + netTradingIncome + otherIncome + adjustmentsOutsideFinancialAccounts - donationDeductions - lossesBroughtForward  <b>Note:</b> Field can be reflected as negative amount
<b>taxOnTaxableIncome</b>	Where totalTaxableIncome is a negative amount then taxOnTaxableIncome is 0 (zero) Otherwise calculate totalTaxableIncome x 0.175
<b>residualIncomeTax</b>	residualIncomeTax = taxOnTaxableIncome - overseasTaxPaid - dividendImputationCredits - researchAndDevelopment nonrefundableCredit (2020 onwards)  Where the sum of the above fields is: <ul style="list-style-type: none"> <li>• negative (a loss) then = 0 (zero)</li> <li>• positive then = sum of the key points</li> </ul> Then deduct refundable tax credits <ul style="list-style-type: none"> <li>- totalRWTDEDucted</li> <li>- rlwtCredit (2017 onwards)</li> </ul>

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Field	Description
-	otherTaxCredits

## 2.9IR8J (Maori authority credit account return)

Field	Description
<b>closingBalance</b>	closingBalance = openingBalance - incomeTaxPaid - totalFDPPaid (Prior 2018) - totalRWTONInterest - imputationAndFDPCredits - otherCredits + incomeTaxRefunded + totalFDPRefunds (Prior 2018) + imputationCreditsAttached + otherDebits  <b>Note:</b> Field can be reflected as negative amount
<b>furtherIncomeTaxPayable</b>	furtherIncomeTaxPayable = closingBalance  <b>Note:</b> Field cannot be negative amount
<b>fdpReturn fdpClosingBalance (Prior 2018)</b>	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
<b>residentialRentalIncome netIncome</b>	$\text{residentialRentalIncome netIncome (2020 onwards)}$ $= \text{residentialRentalIncome totalIncome (2020 onwards)}$ $- \text{residentialRentalIncome deductionsClaimedThisYear (2020 onwards)}$
<b>residentialRentalIncome excessDeductionsCarried Forward</b>	$\text{residentialRentalIncome excessDeductionsCarriedForward (2020 onwards)}$ $= \text{residentialRentalIncome residentialRentalDeductions (2020 onwards)}$ $+ \text{residentialRentalIncome excessDeductionsBroughtForward (2021 onwards)}$ $- \text{residentialRentalIncome deductionsClaimedThisYear (2020 onwards)}$
<b>Amount of loss available to carry forward</b>	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear (2021 only).
<b>netIncome</b>	$\text{netIncome}$ $= \text{residentialRentalIncome netIncome (2020 onwards)}$ $+ \text{saleOfProperty (2020 onwards)}$ $+ \text{friendlyNetIncome (for F society type)}$ $+ \text{interest (for X or A society type)}$ $+ \text{dividends (for X or A society type)}$ $+ \text{taxableMADistributions (for X or A society type)}$ $+ \text{otherIncome (for X or A society type)}$ $- \text{incomeTaxDeductionForNonProfit}$ $- \text{donationsDeduction}$ <p><b>Note:</b> Field can be reflected as negative amount</p>
<b>donationsDeduction</b>	Donation amount is limited to positive amount of net income
<b>totalTaxableIncome</b>	$\text{totalTaxableIncome}$ $= \text{netIncome}$ $- \text{lossesBroughtForward}$ <p><b>Note:</b> Field can be reflected as negative amount, but lossesBroughtForward amt will only reduce totalTaxableIncome by positive netIncome</p>
<b>taxOnTaxableIncome</b>	<p>Where totalTaxableIncome is a negative amount then</p> $\text{taxOnTaxableIncome is 0 (zero)}$ <p>Otherwise</p> $\text{taxOnTaxableIncome}$ $= \text{totalTaxableIncome}$ $\times \text{Clubs or Societies tax rate}$
<b>residualIncomeTax</b>	$\text{residualIncomeTax}$ $= \text{taxOnTaxableIncome}$ $- \text{overseasTaxPaid}$



Field	Description
	<ul style="list-style-type: none"> <li>- imputationCreditsReceived</li> <li>- imputationBroughtForward</li> <li>- researchAndDevelopment nonrefundableCredit (2020 onwards)</li> </ul> <p>Where the sum of the above fields is:</p> <ul style="list-style-type: none"> <li>• negative (a loss) then = 0 (zero)</li> <li>• positive then = sum of the key points</li> </ul> <p>Then deduct refundable tax credits</p> <ul style="list-style-type: none"> <li>- totalRWTWithheld</li> <li>- rlwtCredit (2017 onwards)</li> <li>- otherTaxCredits</li> </ul>

## 2.11 IR44 (Registered superannuation funds income tax return)

Field	Description
<b>residentialRentalIncome netIncome</b>	$\text{residentialRentalIncome netIncome (2021 onwards)}$ $= \text{residentialRentalIncome totalIncome (2021 onwards)}$ $- \text{residentialRentalIncome deductionsClaimedThisYear (2021 onwards)}$
<b>residentialRentalIncome excessDeductionsCarried Forward</b>	$\text{residentialRentalIncome excessDeductionsCarriedForward (2021 onwards)}$ $= \text{residentialRentalIncome residentialRentalDeductions (2021 onwards)}$ $+ \text{residentialRentalIncome excessDeductionsBroughtForward (2022 onwards)}$ $- \text{residentialRentalIncome deductionsClaimedThisYear (2021 onwards)}$
<b>Amount of loss available to carry forward</b>	The amount of loss available to carry forward to the 2022 year will be reduced by the amount of any lossesClaimedThisYear and any lossCarriedBackPriorYear (2021 only).
<b>totalTaxableIncome</b>	$\text{totalTaxableIncome}$ $= \text{residentialRentalIncome netIncome (2021 onwards)}$ $+ \text{saleOfProperty (2020 onwards)}$ $+ \text{fundIncome}$ $+ \text{totalDeductionsFromOtherSchemes}$ $+ \text{deductionsTreatedAsCapitalOnDisposal}$ $+ \text{deductionsTreatedAsRevenueOnDisposal}$ $+ \text{totalDeductionsToOtherSchemes}$ $+ \text{additionsTreatedAsCapitalOnDisposal}$ $+ \text{additionsTreatedAsRevenueOnDisposal}$ $- \text{lossesBroughtForward}$ <p><b>Note:</b> Field can be reflected as negative amount</p>
<b>taxOnTaxableIncome</b>	<p>Where totalTaxableIncome is a negative amount then</p> $\text{taxOnTaxableIncome is 0 (zero)}$ <p>Otherwise</p> $\text{calculate totalTaxableIncome} \times 0.28$
<b>residualIncomeTax</b>	$\text{residualIncomeTax}$ $= \text{taxOnTaxableIncome}$ $- \text{overseasTaxCredit}$ $- \text{imputationCredits}$ $- \text{researchAndDevelopment nonrefundableCredit (2020 onwards)}$ <p>Where the sum of the above fields is:</p> <ul style="list-style-type: none"> <li>negative (a loss) then = 0 (zero)</li> <li>positive then = sum of the key points</li> </ul> <p>Then deduct refundable tax credits</p> $- \text{researchAndDevelopment refundableCredit (2020 onwards)}$

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Field	Description
	- rwtAndOtherTaxCredits
	- rlwtCredit (2017 onwards)

## 2.12 IR3B (Schedule of business income)

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

## 2.14 IR3R (Rental income schedule)

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

## 2.15 IR10 (Financial statements summary)

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

Field	Description
	+ otherCurrentLiabilities
<b>totalLiabilities</b>	totalLiabilities
	= totalCurrentLiabilities
	+ nonCurrentLiabilities
<b>ownersEquity</b>	ownersEquity
	= totalAssets
	- totalLiabilities

## 2.16 IR833 (Property sale information)

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



## 2.17 Donation Tax Credits

Field/Rule	Description
<b>Partner Donation Tax Credit Fields – purpose and usage</b>	<p>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.</p> <p>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.</p> <p>For example, in the following scenario:</p> <p>schoolKindergartenDonations = 500  partnerSchoolKindergartenDonations = 100  totalReceiptAmount = 400  taxCreditClaimAmount = 133.33  partnerIRD = REQUIRED</p> <p>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.</p> <p>Then, when the return is retrieved for the Donee, the fields would show as follows:</p> <p>schoolKindergartenDonations \$400  religiousOrganisationDonations \$0  doneeOrganisationsDonations \$0  totalReceiptAmount \$400  taxCreditClaimAmount \$133.33</p> <p>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:</p> <p>schoolKindergartenDonations \$100  religiousOrganisationDonations \$0  doneeOrganisationsDonations \$0  totalReceiptAmount \$100  taxCreditClaimAmount \$33.33</p>
<b>Partner Donation Tax Credits – maximum amount</b>	<p>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.</p>

Field/Rule	Description
<b>Partner Donation Tax Credits – previously processed returns</b>	<p>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.</p> <p>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.</p>
<b>Partner Donation Tax Credits – retrieveReturn</b>	<p>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.</p> <p>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.</p>

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## 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:
    - Credit assessment: Use the effective date of the return credit transaction
    - Payment or inward transfer: Use the effective date of that transaction
    - 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: <ul style="list-style-type: none"> <li>• The day after the return was filed</li> <li>• The day after the end of the GST return period where the transfer is coming from.</li> </ul>
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: <ul style="list-style-type: none"> <li>• The date the transfer was requested,</li> <li>• The day after the relevant return was filed for the period in which the refund arose.</li> </ul>

#### 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

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.

## 4 Appendix: Tax Rates

These tax rates for 2013 – 2021

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

## 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 – 2021

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



## 7 Appendix: WfFTC information

### 7.1 Entitlement Rates and Thresholds **1st April 2020 to 31st March 2021**

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	<b>\$34,487</b>
	Prescribed amount	<b>\$29,432</b>
Threshold level	No abatement for income under or equal to	\$42,700
Abatement Rate		<b>25%</b>
Abatement rate formula	Each child born <b>on or after start date of 01 April 20YY</b>	$\{([{(Family\ income - 42,700) * 25\%}] * (days/365)) - \{(FTC * days/365) + (IWTC\ or\ CTC * weeks/52)\} * (365/days)\}$

**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 \$3,120 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.

**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 =  $1,000 - (10,000 \times 10.5\% = 1,050) = -50$  (as RateChanged = false )  
PIEdebit = 0  
PIEcredit = 0

#### Remaining calculation

taxOnTaxableIncome =  $30,000 \times \text{individual tax rates} = 4,270$   
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 =  $1,330 - (10,000 \times 17.5\% = 1,750) = -420$   
PIEdebit = 420  
PIEcredit = 0

#### Remaining calculation

taxOnTaxableIncome =  $420 + (30,000 \times \text{individual tax rates} = 4,270) = 4,690$   
residualIncomeTax =  $4,690 - 520 = 4,170$

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### 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 =  $1,050 - (10,000 \times 28\%) = -1,750$   
PIEdebit = 1,750  
PIEcredit = 0

#### Remaining calculation

taxOnTaxableIncome =  $1,750 + (30,000 \times \text{individual tax rates}) = 4,270$   
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 =  $1,750 - (10,000 \times 28\%) = -1,050$   
PIEdebit = 1,050  
PIEcredit = 0

#### Remaining calculation

taxOnTaxableIncome =  $1,050 + (30,000 \times \text{individual tax rates}) = 5,320$   
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 =  $2,800 - (10,000 \times 17.5\%) = 1,050$   
PIEdebit = 0  
PIEcredit = 1,050

### Remaining calculation

taxOnTaxableIncome =  $30,000 \times \text{individual tax rates} = 4,270$   
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 =  $2,803 - (10,000 \times 28\%) = 3$   
PIEdebit = 0  
PIEcredit = 3

### Remaining calculation

taxOnTaxableIncome =  $30,000 \times \text{individual tax rates} = 4,270$   
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 =  $1,050 - (10,000 \times 28\%) = 2,800 = -1,750$

PIEdebit = 1,750

PIEcredit = 0

### Remaining calculation

taxOnTaxableIncome = 0

residualIncomeTax = 1,750

## 9 Glossary

Acronym/term	Definition
<b>ACC</b>	Accident Compensation Corporation
<b>FDP</b>	Foreign dividend payment (account)
<b>FIF</b>	Foreign investment fund
<b>GIF</b>	Group Investment Fund
<b>ICA</b>	Imputation credit account
<b>IETC</b>	Independent tax earner credit
<b>INC</b>	Inland Revenue's abbreviation for Income Tax
<b>IRD</b>	Inland Revenue Department (ie IRD number)
<b>MSD</b>	Ministry of Social Development
<b>PIE</b>	Portfolio Investment Entity
<b>PIR</b>	Prescribed investor rate

## 10 Change log

This table lists all changes that have been made to this document for the 2021 release.

Version	Date of change	Document section	Description
<b>V0.01</b>	17/12/2020	2 3.8 7.1 8	Added information for the following 2021 return changes (highlighted in <b>yellow</b> ): <ul style="list-style-type: none"> <li>• Loss Carry Back (IR3, IR3NR, IR4, IR6, IR8, IR9, IR44)</li> <li>• Government subsidies field (IR3, IR3NR)</li> <li>• PIE income information (IR3)</li> <li>• PIR rates table</li> <li>• PIE tax calculation examples</li> <li>• New fields applicable for Student Loan Adjusted Net Income calculation (IR3)</li> <li>• Student Loan Adjusted Net Income threshold reduced from \$1500 to \$500 (IR3)</li> <li>• Residential Rental income fields (IR44)</li> <li>• Updated Minimum family tax credit threshold for 2020-21 tax year</li> </ul>
		2.3	Added notes for Tax Credit Payroll Donations and Excess imputation credits brought forward to the IR3NR section.
		2.4	Added Subvention payments note to the IR4 section.
		2.6	Added a note for Error code 2075 to the IR6 section.
		2.7	Added a note for Joint investment income to the IR7 section.
		2.18	Added a new section for information relating to Donation Tax Credits.
		3	Added new section – 'Additional Information Applicable to all Returns' for the purpose of providing information on commonly asked questions.