



Inland Revenue
Te Tari Taake

IR 4JG
October 2007

Annual imputation return guide

2008

This guide is to help you complete the 2008
IR 4J imputation return and dividend
withholding payment account return

The information in this guide is based on current
tax laws at the time of printing.

Imputation return

Most New Zealand-resident companies, unit trusts, producer boards and cooperatives must file an imputation return each year. The following bodies do not have to file imputation returns:

- non-resident companies
- trustee companies (but not group investment funds with Category A income)
- any company with a constitution that prevents it distributing all its income or property to any proprietor, member or shareholder
- companies whose income is completely exempt from tax
- local authorities
- Crown research institutes
- non-active companies
- Māori authorities.

Trans-Tasman imputation and imputation groups

Legislation enacted in the Taxation (GST, Trans-Tasman Imputation and Miscellaneous Provisions) Act 2003 has made it possible for Australian companies to elect to maintain a New Zealand imputation account from the 2004–2005 imputation year. A new form of grouping (for imputation purposes only) was also introduced, which Australian companies may join.

Returns for trans-Tasman imputation

Australian companies, who elect under the trans-Tasman rules, are required to file a 2008 *Annual imputation return (IR 4J)* by 31 July 2008.

The return is completed for the New Zealand imputation year (1 April to 31 March) regardless of your accounting year. It is only necessary to complete fields 1 to 10A of this return.

Please note that a \$250 penalty may be charged where returns are not filed on time.

Returns for imputation groups

The imputation group representative will file the *Annual imputation return (IR 4J)* on behalf of the imputation group.

Imputation group members should not file individual imputation details. An exception applies for the nominated company of a resident imputation group, where there is an imputation credit account (ICA) debit balance.

Where payment of any further income tax (a debit imputation credit account balance) is made, attach a note of how the corresponding income tax credit should be allocated to group members.

Dividend withholding payment account returns

This legislation does not alter the filing requirements for companies who have elected to maintain a dividend withholding payment account.

For further details see

www.ird.govt.nz/trans-tasman-imputation/

Dividend withholding payment account return

All companies that have elected to maintain a dividend withholding payment account must file a return for their account.

Note

Complete the annual imputation return and dividend withholding payment account return for the imputation year 1 April 2007 to 31 March 2008 regardless of your accounting year.

For more help call us on 0800 377 774 or read our booklet *Imputation (IR 274)*. You can get this from www.ird.govt.nz or order a copy by calling INFOexpress—see page 18.

Limitation on tax refunds

We may hold all or part of a refund if:

- the company is expecting an income tax refund, and
- the credit balance in the ICA at 31 March 2008 is less than the refund.

If there have been additional credits to the ICA since 31 March 2008, the company may file an interim 2009 IR 4J return in anticipation of an IR 4 annual return being filed at a later date. We may then be able to release the refund.

We can also apply non-refundable overpaid income tax to a company's previous years' income tax liabilities, where these debits exist, rather than transferring the credit forward to the next year's provisional tax.

This avoids further payments having to be made to satisfy back-year debts.

For more help call us on 0800 377 774.

Completing the return

The information on the first page of the return helps us to be sure that any correspondence we send goes to the right place.

Questions 1 to 5

Please make sure you fill in Questions 1 to 5, if these details are not already shown. We ask for your daytime phone number at Question 5 so that we can call you, if necessary, to ask questions about the return.

Question 3 Postal address

If you have a new postal address, write the details at Question 3.

If your new address is a PO Box number, please show your box lobby if you have one. If you are unsure of your box lobby, please contact New Zealand Post.

Leave this address panel blank if the company uses its tax agent's postal address. The agent will let us know of any change of address when updating their client list.

Annual imputation return

The annual imputation return is completed for the period 1 April 2007 to 31 March 2008, **regardless** of your accounting year.

Question 6 Opening balance

This is the same as the closing balance at 31 March 2007.

Tick either “Debit” or “Credit”, next to Box 6. New companies will not have a closing balance to bring forward—they should write “0.00” in Box 6.

Question 7 Credits

Australian companies who elect to maintain New Zealand imputation credit accounts should include credits in Question 7D and 7E only.

Question 7A Income tax paid

The imputation system started at the beginning of the 1989 income year. Include in Box 7A all payments of New Zealand income tax and provisional tax made from 1 April 2007 to 31 March 2008 that were for 1989 and later income years.

Do not include any fringe benefit tax, specified superannuation contribution withholding tax, interest on tax, late payment penalties, imputation penalty tax or resident withholding tax.

Question 7B Dividend withholding payments paid

In Box 7B, write any dividend withholding payments made between 1 April 2007 and 31 March 2008 while the company had not elected to maintain a dividend withholding payment account. Leave Box 7B blank if the company maintained a dividend withholding payment account for the full year 1 April 2007 to 31 March 2008.

Question 7C Resident withholding tax on interest received

If the company received interest with resident withholding tax deducted between 1 April 2007 and 31 March 2008, write the total resident withholding tax in Box 7C.

Question 7D Imputation and dividend withholding payment credits attached to dividends received

If the company received dividends with imputation credits or dividend withholding payment credits attached between 1 April 2007 and 31 March 2008 while it had not elected to maintain a dividend withholding payment account, write the total credits in Box 7D.

Include in Box 12B on page 3 any dividend withholding payment credits attached to dividends received while the company maintained a dividend withholding payment account.

Question 7E Other credits

List any other credits made to the ICA from 1 April 2007 to 31 March 2008. Use a separate sheet of paper if there is not enough room and attach it to the top of page 2 of the return. Write the total in Box 7E.

Examples of other types of credits are:

- resident withholding tax on dividends received
- provisional tax allocated to the company by a company in the same wholly owned group that has overpaid its provisional tax
- specific credits for Australian companies who have elected to maintain a New Zealand ICA.

Supplementary available subscribed capital account (SASCA)

If you are a qualifying unit trust or a group investment fund that maintains a SASCA and are eligible to transfer credits from that account to the ICA, please record the credits being transferred to the ICA in Box 7E (other credits).

All qualifying unit trusts or group investment funds maintaining a SASCA should, by the due date for filing the 2008 IR 4 or IR 4J, send a copy of that memorandum account together with any written queries in relation to the operation of the SASCA to:

Investment Desk
Corporates Segment
Inland Revenue
PO Box 2871
Christchurch

For more information on negative dividends and the SASCA rules, see our *Tax Information Bulletin (TIB)* Vol 14, No 11 (November 2002) at www.ird.govt.nz

Qualifying company election tax (QCET) payments

Do not include QCET credit in the ICA when working out the account balance to be used in the formula to calculate the imputation credit to be attached to a dividend paid by the qualifying company. See our *Tax Information Bulletin (TIB)* Vol 11, No 5 (May/June 1999) at www.ird.govt.nz

Question 8 Debits

Australian companies who elect to maintain New Zealand imputation credit accounts should include debits in Questions 8C and 8D only.

Question 8A Income tax refunded

Write in Box 8A the company's total income tax refunds received from 1 April 2007 to 31 March 2008 for 1989 and later income years. Do not include any interest on tax received or income tax refunded for any year prior to 1989.

Question 8B Dividend withholding payment refunds

Include in Box 8B dividend withholding payments refunded between 1 April 2007 and 31 March 2008 while the company had not elected to maintain a dividend withholding payment account. If the company received any refunds while operating a dividend withholding payment account, include these in Box 13B on page 3.

Question 8C Imputation credits attached to dividends paid

If the company paid dividends from 1 April 2007 to 31 March 2008 with imputation credits attached, write the total credits in Box 8C.

Question 8D Other debits

List any other debits in the ICA and write the total in Box 8D. Examples of other types of debits are:

- any provisional tax allocated by the company to a company in the same wholly owned group that has underpaid its provisional tax
- an adjustment for a change of shareholding of more than 34% during the period 1 April 2007 to 31 March 2008 regardless of your accounting year
- an adjustment for a change in an imputation ratio

- tax payable by a company on any part of a distribution that is not sourced from the subscribed capital of the company, where that company repurchases a share on-market.

Qualifying companies

The 66% continuity of shareholding requirement does not apply to qualifying companies. There is no need to make an adjustment where there has been a change of shareholding, except in the year the company ceases to be a qualifying company.

Question 9 Closing balance

Where payment of a debit balance is made for an imputation group, attach details of how the income tax credit should be allocated to group members.

Question 9A Adjustments to debit balances

If a qualifying company has received an income tax refund after 1 April 1995 that has created a debit balance in the ICA, no further income tax is paid on any refunds received.

If the company has a debit balance as a result of income tax refunded after 1 April 2007, please subtract the amount refunded at Box 9A.

If the closing balance is a credit, there is nothing to pay.

If the closing balance at Box 9B is a debit, it must be paid by **20 June 2008**.

Note

Legislation now provides two types of relief from payment of debit ICA balances:

- offsetting income tax payments
- same debit ICA balances reflected in successive years.

For more information see our *Tax Information Bulletin (TIB)* Vol 16, No 1 (February 2004) at www.ird.govt.nz

Question 10 Imputation penalty tax

Imputation penalty tax of 10% of the debit closing balance is also payable by **20 June 2008**. Work out the 10% penalty in Box 10.

If the total in Box 10A exceeds \$100 and is not paid by 20 June 2008, late payment penalties and interest will apply. For every month the amount remains unpaid, a further incremental penalty will also apply. We will also charge interest on any outstanding amounts.

Penalties

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

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

Instalment arrangements

If you are unable to pay your tax by the due date, please contact us to discuss an instalment arrangement. In some situations, if you are in financial difficulties, we may agree to you paying your tax, penalties and interest this way.

Instalment arrangements can be agreed upon before or after the due date for payment. However, there are reductions in the penalties charged if the arrangement is made before the due date.

Amounts of \$100 or less

Interest and late payment penalties are not charged on outstanding amounts of \$100 or less.

The company will be charged interest if it has more than \$100 unpaid tax (including any late payment penalties) after the payment due date. Generally, payments the company makes will first be credited against any interest due.

If the company overpays its tax by more than \$100 we may pay interest.

Dividend withholding payment account return

Complete this part of the return only if the company has elected to keep a dividend withholding payment account.

Question 11 Opening balance

This is the same as the closing balance at 31 March 2007. Tick either “Debit” or “Credit” next to Box 11. New companies will not have a closing balance to bring forward—they should write “0.00” in Box 11.

Question 12 Credits

Question 12A Dividend withholding payments paid

In Box 12A, write the total dividend withholding payments paid during the year. If the company elected to maintain a dividend withholding payment account part-way through the year, include only the payments made after the election.

Question 12B Dividend withholding payment credits attached to dividends received

If the company received dividends with dividend withholding payment credits attached, write the total credits in Box 12B. If the company elected to maintain a dividend withholding payment account part-way through the year, only include the credits received after the election.

Question 13 Debits

Question 13A Dividend withholding payment credits attached to dividends paid

In Box 13A write the total dividend withholding payment credits attached to dividends the company paid to its shareholders.

Question 13B Dividend withholding payments refunded

Write in Box 13B the total amount of dividend withholding payments refunded to the company during the year.

Question 13C Other debits

List any other debits and write the total in Box 13C.

Examples of other types of debits are:

- an adjustment for a dividend withholding payment ratio change
- an adjustment for a change of shareholding of more than 34% during the period 1 April 2007 to 31 March 2008 regardless of your accounting year.

Qualifying companies

Any adjustment required because of a change in shareholding of more than 34% is not made until the company ceases to be a qualifying company.

Question 15 Transfer to the imputation credit account

If the dividend withholding payment account has a credit balance at the end of the imputation year, the company can transfer all or part of that credit to the imputation credit account.

Write the amount to be transferred in Box 15 and also include it in Box 7E on page 2 of the return.

Question 16 Closing balance

Where the company has a credit closing balance after transfers to the imputation credit account, the credit balance is carried forward to the next imputation year to be the opening balance. Alternatively, if the company has a loss, it may apply for a refund of all or part of the credit closing balance of payments, made by reducing any income tax loss it has incurred.

If the closing balance is a debit, it must be paid by **20 June 2008**.

Note

Legislation now provides two types of relief from payment of debit ICA balances:

- offsetting income tax payments
- same debit balances in the dividend withholding payment account reflected in successive years.

For more information see our *Tax Information Bulletin (TIB)* Vol 16, No 1 (February 2004) at www.ird.govt.nz

Question 17 Dividend withholding payment penalty tax

Dividend withholding payment penalty tax of 10% of the debit closing balance is also payable by **20 June 2008**. Work out the 10% penalty in Box 17. If the total in Box 17A exceeds \$100 and is not paid by 20 June 2008, late payment penalties and interest will apply—see page 12 for details on penalties.

Question 18 Conduit tax

If you are a dividend withholding payment company and have elected to be a conduit tax relief company, you will need to complete a *Conduit tax relief account return (IR 406)*. You can get this from www.ird.govt.nz or order a copy by calling INFOexpress—see page 18.

For more help

If you have any queries, call us on the 0800 numbers listed below. Our customer service representatives are available from 8 am to 8 pm, Monday to Friday, and 9 am to 1 pm on Saturdays.

General enquiries	0800 377 774
Employers	0800 377 772
GST	0800 377 776

Send your completed return to one of the addresses below

If you live in:

Northland

send this form to

Inland Revenue

PO Box 3753

Christchurch Mail Centre

Christchurch 8140

Auckland

send this form to

Inland Revenue

PO Box 761

Waikato Mail Centre

Hamilton 3240

other North Island areas

send this form to

Inland Revenue

PO Box 39010

Wellington Mail Centre

Lower Hutt 5045

the South Island

send this form to

Inland Revenue

PO Box 3753

Christchurch Mail Centre

Christchurch 8140

Call recording

As part of our commitment to providing the best possible service to our customers, Inland Revenue records all phone calls answered in, and made by, our permanent call centres. For further information about our call recording policy and how you can access your recorded information, please go to www.ird.govt.nz or call us on 0800 227 773 or 0800 377 774 (if you or your partner are in business).

www.ird.govt.nz

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- [Get it done online](#) to file returns, register for services and access account information
- [Work it out](#) to calculate tax, entitlements, repayments and due dates
- [Forms and guides](#)

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It's also helpful if you know the number or name of any forms or booklets you're ordering. For personal information, such as account balances, you'll also need an INFOexpress PIN. You can get a PIN by calling 0800 257 777 and following the step-by-step instructions.

You can call INFOexpress for the following services between 6 am and 12 midnight, seven days a week:

Forms and guides (NLSR)	0800 257 773
Request a personal tax summary (NLSR)	0800 257 444
Request a taxpack	0800 257 772
Request a summary of earnings	0800 257 778
Information on interest-free student loans	0800 466 468
Apply for other student loan interest write-offs	0800 257 999
All other services (eg work out Working for Families Tax Credits* entitlement, get account balances, order statements, calculate your end-of-year tax and rebate entitlements).	0800 257 777

* Previously known as family assistance

New Zealand Government