Inland Revenue
Te Tari Taake

[IN CONFIDENCE]

DETERMINATION > COVID-19 VARIATION

Variation in relation to s RP 17B(4) of the Income Tax Act 2007 to extend time for tax pooling transfers

Issued: 6 April 2022

COV 22/15

EFFECTIVE: 18 March 2022 to 30 September 2022

Variation

The Commissioner of Inland Revenue has, under the discretion provided under section 6I of the Tax Administration Act 1994 (TAA), made the following statutory variation:

Section RP 17B(4)(a) and (b) of the Income Tax Act 2007 are varied to allow a taxpayer to ask a tax pooling intermediary to arrange the transfer of an amount to satisfy an obligation for provisional tax (other than under the aim method), terminal tax or use of money interest on the provisional tax or terminal tax for the 2021 income year falling due on 17 January 2022 or later, on or before the earlier of:

(a) the date that is 183 days after a person's terminal tax date for the 2021 income year;

(b) 30 September 2022.

This is subject to the conditions that:

- The transfer relates to a contract the taxpayer has with the tax pooling intermediary that is in place on or before 21 June 2022 to purchase tax pooling funds.
- In the period between July 2021 and February 2022 (Affected Period) the taxpayer's business must have experienced (or March 2022 be expected to experience) a significant decline in actual (or predicted) revenue related to the impact of COVID-19 which means that in respect of the 2021 income year the taxpayer was either:

  (a) unable to satisfy their existing commercial contract with a tax pooling intermediary; or

  (b) was, prior to this variation, not able to enter into a commercial contract with a tax pooling intermediary.

- Or, in the Affected Period, the taxpayer has had difficulty finalising their tax return position prior to 31 March 2022 because of circumstances arising either from the imposition of COVID-19 response measures or as a consequence of COVID-19. This could include the impact of a key staff member or advisor having reduced availability, or the financial impact of COVID-19 causing significant disruption to the normal business operations of the taxpayer.
- Any person that wishes to use funds in a tax pooling account to satisfy an obligation for provisional tax or terminal tax for the 2021 income year must provide, or have their tax agent provide on their behalf, their intermediary with a statement in writing confirming the above requirements are met. That ~~the~~ statement must be provided to the intermediary on or before 21 June 2022.

Application date

This variation applies from 18 March 2022 to 30 September 2022.

Dated at Wellington on 6 April 2022.

Jonathan Rodgers

Group Leader – Tax Counsel Office

Inland Revenue

Background (material under this heading does not form part of the variation)

Summary of effect

1. In order to use funds in a tax pooling account to satisfy a tax obligation for the 2021 income year, section RP 17B(4) of the Income Tax Act 2007 requires a transfer request to be made on or before either 75 or 76 days of terminal tax date. For the 2021 income year, the time within which a request must be made has been extended to 183 days after terminal tax date using s 6I of the TAA.

Provisions affected

2. Section RP 17B of the Income Tax Act 2007.

Application of variation

3. This variation applies to a person who wishes to use funds in a tax pooling account to satisfy an obligation for provisional tax or terminal tax for the 2021 income year. The variation recognises that the impact of COVID-19 means that some taxpayers who would otherwise have made use of tax pooling have been unable to do so due to cashflow difficulties and disruption to normal business operations. The variation is subject to the three conditions requiring a contract with a tax pooling intermediary to be in place on or before 21 June 2022, and that the person's business must have experienced, or will be expected to experience a significant decline in revenue as a result of COVID-19. Or that the person has had difficulty finalising their tax return position prior to 31 March 2022 because of circumstances arising either from the imposition of COVID-19 response measures or as a consequence of COVID-19. This could include the impact of a key staff member or advisor having reduced availability, or the financial impact of COVID-19 causing significant disruption to the normal business operations of the taxpayer.

References

Legislative references

Tax Administration Act 1994: ss 6H and 6I

Income Tax Act 2007: s RP 17B

About this publication

To help customers manage the impacts of COVID-19, the Commissioner now has a discretion to vary a requirement under an Inland Revenue Act (including for these purposes, the Unclaimed Money Act 1971). This discretion is found in ss 6H and 6I of the Tax Administration Act 1994 and applies from 1 October 2021 until 30 September 2022. This variation is an exercise of that power.