



Standard practice statement

SPS 20/01

Tax payments – when received in time

Introduction

Standard practice statements describe how the Commissioner of Inland Revenue (the Commissioner) will exercise a statutory discretion or deal with practical issues arising out of the administration of the Inland Revenue Acts.

This Statement sets out the Commissioner’s practice for accepting tax payments as having been made in time.

With the influence of technology there has been a significant shift in practice to use digital methods for making tax payments. The Commissioner encourages customers to use direct banking facilities when they make tax payments (or when refunds are issued).

The table below outlines the payment options for customers, to make payments to Inland Revenue:

Payment options	You'll need
Pay online in myIR - Debit or credit card payments, or - Set up a direct debit (immediate payment or future dated) www.ird.govt.nz/myIR to login or register	IRD number Tax/product type Payment period Authorise IR to take direct debit payment from bank
Pay on our secure payment website - Debit or credit card payments www.ird.govt.nz search 'make a payment'	IRD number Tax/product type Payment period
Pay using internet banking	IRD number Tax/product type Payment period Authorise the bank to make one-off or regular payments

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Pay through Westpac (you don't need to be a Westpac customer) <ul style="list-style-type: none">- EFTPOS or cash- Use Smart ATM (Westpac customers only)	Counter payment <ul style="list-style-type: none">- IRD number- Tax/product type- Payment period- Barcode (off return or IR statement) or create your own at www.ird.govt.nz/barcode
Pay through your bank <ul style="list-style-type: none">- Phone or visit your bank to discuss options- Examples, direct credit, automatic payment* and phone banking <p>* Automatic payment allows for 2 people to sign, one-off or regular payments</p>	IRD number Tax/product type Payment period
Pay IR by phone <ul style="list-style-type: none">- Credit and debit card- Domestic direct debits	IRD number Tax/product type Payment period
Pay by post <ul style="list-style-type: none">- Cheque (exception arrangement)	Prior IR approval necessary IRD number Tax/product type Payment period

It is important to make your payment by the due date to avoid penalties or interest. If you are not able to pay on time, please contact Inland Revenue to discuss a possible instalment arrangement.

Application

This Statement applies from the date of signing. It replaces SPS 19/01 *Tax payments – when received in time*, which was published in *Tax Information Bulletin*, Vol 31, No 3 (April 2019).

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Summary

1. This Statement sets out when the Commissioner will accept a payment as having been received in time, including:
 - New Zealand electronic payments
 - debit/credit cards
 - Westpac over-the-counter payments
 - tax pooling
 - overseas electronic payments
 - tax transfers

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- payments by cheque
- Income Equalisation Scheme deposits and primary sector business customers
- weekends and public holidays

Detailed discussion

2. This Statement applies to all tax types, as well as student loan repayments and child support payments (payment of tax).

New Zealand electronic payments

3. Customers are encouraged to make payments electronically, including by internet banking. Payments by this method minimises delays and include formal notification of the date and time payment was made to Inland Revenue. A payment will be received in time when it has been electronically paid or direct credited into an Inland Revenue account either on or before the due date. To ensure payment is received in time, you may need to be familiar with your bank's processing schedule.
4. A customer is able to future-date an electronic payment by using the "my tax payment" option available with all major New Zealand bank's internet banking service.
5. Customers who are registered for myIR can set up direct debits (except for child support payments). A direct debit payment will be received in time when the direct debit transaction is made on or before the New Zealand due date.
6. Tax agents who are registered for myIR can set up instalment arrangements and one-off payments on behalf of their clients (who are registered for myIR) by direct debit, with client authorisation and assistance with making related bank arrangements.

Debit/credit cards

7. Customers can make payment by using a (Visa or Mastercard only) debit/credit card over the phone to Inland Revenue, through the payment page on the IR website and through myIR, our secure online service.
8. A convenience fee of 1.42% is payable (charged by the banks) on all debit/credit card tax payments made. This fee also applies to debit/credit card payments from an overseas bank, except for payments of child support debt and student loan repayments where Inland Revenue pays the convenience fee.
9. A debit/credit card payment will be received in time when it has been paid or direct credited into an Inland Revenue account on or before the New Zealand due date.

Westpac over-the-counter payments

10. Payments cannot be accepted over-the-counter at an Inland Revenue office. Westpac bank is authorised to receive over-the-counter payments on behalf of Inland Revenue.

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11. From 1 July 2020, over-the-counter payments at a Westpac branch must either include a barcode obtained from letters, returns^[1], and statements issued by Inland Revenue, or a barcode created through the Inland Revenue website^[2] to provide clear payment instructions. A separate barcode is required for each individual tax type payable and tax period.
12. Customers with a Westpac bank account may pay (cash or EFTPOS) via Westpac Smart ATMs. Customers making payments at a Westpac smartATM must also use a barcode obtained from letters, returns^[3], and statements issued by Inland Revenue, or a barcode generated online^[4]
13. Payments made at Westpac are received in time if they are made on or before the due date.

Tax pooling

14. Tax pooling involves customers depositing money with a tax pooling intermediary who then deposits that money into a tax pooling account with Inland Revenue. These deposits are not tax payments at this stage. When a payment is transferred from the tax pooling account into a taxpayer's tax account it becomes a tax payment.
15. The date of payment to Inland Revenue is triggered when the tax pooling deposit is transferred into a taxpayer's account. The effective date of the transfer can be no earlier than the date the tax pool deposit was received by Inland Revenue.
16. For more information on the implications of tax pooling see *Tax Information Bulletins*^[5], Vol 15, No 5 (May 2003) pages 64 to 67, Vol 23, No 8 (October 2011) pages 35 to 55 and Vol. 29, No. 5 (June 2017) pages 148 to 149.

Overseas electronic payments

17. A payment will be received in time when it has been electronically paid or direct credited into an Inland Revenue account either on or before the New Zealand due date.
18. For more information about making payments from overseas visit www.ird.govt.nz/makepayment/overseas/from-overseas-index.html

Tax transfers

19. For the rules regarding the transfers of overpaid taxes refer to *Tax Information Bulletins*, Vol 14, No 11 (November 2002) pages 35 to 47, Vol 16, No 1 (February 2004) page 71 and Vol. 17, No. 1 (February 2005) pages 101 to 102.

^[1] While payment of tax may be made at Westpac branches, Westpac is not authorised to accept returns. Returns may be filed electronically, posted to Inland Revenue or delivered to an Inland Revenue office.

^[2] Through Inland Revenue's website payment page at www.ird.govt.nz/make-a-payment/paying-at-westpac or www.ird.govt.nz/barcode

^[3] While payment of tax may be made at Westpac branches, Westpac is not authorised to accept returns. Returns may be filed electronically, posted to Inland Revenue or delivered to an Inland Revenue office.

^[4] Through Inland Revenue's website payment page – refer note 2 above.

^[5] Tax Information Bulletins can be found at www.classic.ird.govt.nz/technical-tax/tib/

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Payments by cheque

20. From 1 March 2020, Inland Revenue will no longer accept cheques as a method for payment of tax. Customers are expected to explore and use other bank services available for making payments.
21. The Commissioner may agree in exceptional circumstances to continue to receive a payment by cheque where a customer is unable to pay by any other means. Customers who consider that none of the other options for paying tax is practicable for them should contact the Commissioner explaining why they cannot use one of the current options and so wish to continue to pay their tax using cheques. Each situation will be considered on a customer's individual circumstances.

Example 1: *Alternative payment method available*

Mary is 75 and lives in a remote area. She does not have access to the internet and there is no Westpac branch close by. Mary does have a landline and an EFTPOS card. Through discussion with the customer about her circumstances, it was agreed that she is able to (with assistance by phone) set up a direct debit with us, or make payments using an Automatic Payments form. On this basis, an exceptions arrangement to pay tax by cheque post 1 March 2020 would be declined.

Example 2: *Agreed cheque exception arrangement*

Jock lives in a remote rural area and lives off-the-grid. He does not have access to the internet or a reliable phone service and is many hours from any bank services. His only contact with Inland Revenue is through a Post Office box service from which he collects mail infrequently. The Commissioner would agree his circumstances are exceptional and that he may continue to pay tax by cheque post 1 March 2020.

22. Requests for approval to continue paying by cheque can be made by telephone, SecureMail (log in to myIR), by post and at face to face appointments with Inland Revenue. It is important that requests for cheque exception arrangements made via myIR include customer phone contact details (where possible), should Inland Revenue want to further discuss alternative payment options with them. Customers that are unable to provide phone contact details will be sent a response via myIR (if registered) or by post.

Cheques through post

23. Where the Commissioner's agreement has been given to make cheque payments, cheques must be received on or before the due date irrespective of whether they are posted from within New Zealand or from overseas. Payments by post should be sent to: Inland Revenue, PO Box 39050, Wellington Mail Centre, Lower Hutt 5045.
24. Post-dated cheques will not be accepted as a payment method for tax after 1 March 2020.
25. Cheques will be returned to customers who have not obtained prior

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agreement from the Commissioner to pay by this method.

Physical delivery to Inland Revenue offices

26. Where the Commissioner's agreement has been given to make cheque payments, cheque payments will be accepted as being received in time if delivered to an Inland Revenue office on or before the close of business on the due date.

Income Equalisation Scheme (IES) deposits and primary sector business customers

27. Customers are to continue paying IES by cheque until an alternative payment option is provided. IES customers will be advised when the myPay tax payment upgrade is available to pay IES deposits.

Weekends and public holidays

28. If a due date falls on a weekend or a public holiday (including a provincial anniversary day), a payment will be in time when it is received at a Westpac branch or an Inland Revenue bank account on or before the next working day.
29. The treatment for a provincial anniversary day only applies to those customers located in the province that is celebrating its anniversary day and usually make tax payments in person over-the-counter at Westpac, so are unable to make payment on that day.

This Standard Practice Statement is signed on 5 February 2020.

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