

## **WITHDRAWN - replaced by SPS 21/03**



**STANDARD PRACTICE STATEMENT > PROCESSING**

# **Tax payments – when received in time**

Issued: 1 July 2020

**SPS 20/04**

This standard practice statement updates and replaces SPS 20/01 Tax payments – when received in time, which was published in Tax Information Bulletin, Vol 32, No 2 (March 2020). This Statement reflects changes to payment methods and related processes introduced as part of Inlands Revenue transformation programme that have been discussed with community representative groups prior to implementation.

**START DATE**

1 July 2020

**REPLACES: SPS 20/01**

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## Introduction

This Statement sets out Inland Revenue's practice for accepting tax payments as having been received 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.

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

<b>Payment options</b>	<b>You'll need</b>
Online through your bank <ul style="list-style-type: none"><li>- PayTax function</li><li>- Internet banking</li></ul>	IRD number Tax/product type or media number (from the return, letter or statement) Payment period (if applicable) Authorise the bank to make one-off or regular payments

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<p>Debit or Credit Card</p> <ul style="list-style-type: none"> <li>- Via myIR</li> <li>- On our secure payment website at <a href="http://www.ird.govt.nz">www.ird.govt.nz</a> and search 'make a payment'</li> <li>- On the phone using our 24/7 self-service (say 'make a payment')</li> <li>- On the phone with one of our staff (NZ business hours only)</li> </ul>	<p>Visa or Mastercard</p> <p>IRD number</p> <p>Tax/product type (if applicable)</p> <p>Payment period (if applicable)</p>
<p>Direct debit</p> <ul style="list-style-type: none"> <li>- via myIR</li> <li>- through your bank</li> <li>- on the phone with one of our staff</li> </ul>	<p>IRD number</p> <p>An authority for IR to initiate direct debit payments from your bank</p>
<p>Westpac in person</p> <ul style="list-style-type: none"> <li>- Counter services for cash or EFTPOS (you do not need to be a Westpac customer)</li> <li>- SmartATM for cash (all customers)</li> <li>- SmartATM EFTPOS (Westpac customers only)</li> </ul>	<p>From 1 July 2020, a barcode is required.</p> <p>The payment barcode can be found on your return, letter or IR statement - or create your own at <a href="http://www.ird.govt.nz/barcode">www.ird.govt.nz/barcode</a></p>

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Through your bank <ul style="list-style-type: none"><li>- Automatic payment</li><li>- Direct credit</li></ul> Both options allow for 2 people to sign	IRD number Tax/product type Payment period
By post <ul style="list-style-type: none"><li>- Cheque (by exception arrangement only)</li></ul>	Since 1 March 2020 we no longer accept cheques unless there is an exception arrangement in place.  See 20 - 26

It is important to make your payments on or before 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 20/01 Tax payments – when received in time, which was published in Tax Information Bulletin, Vol 32, No 2 (March 2020).

### Standard practice

#### Summary

1. This Statement sets out when Inland Revenue would accept payments as having been received in time, including:
  - electronic payments (from New Zealand)
  - debit/credit cards (Visa or Mastercard only)
  - cash and EFTPOS payments (accompanied by a barcode)
  - payments by cheque (with the prior agreement of the Commissioner)

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- tax pooling
- tax transfers
- overseas electronic payments
- weekends and public holidays

### Detailed discussion

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

### Electronic payments (from New Zealand)

3. Customers are encouraged to make payments electronically, including by internet banking. Payments by this method minimise 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 need to be familiar with your banks' 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 if there is an outstanding liability on the account, or if a return is filed at the same time (excluding for Multi Payment Option and Income Equalisation Schemes). Direct Debits cannot be set up for Child Support, KiwiSaver member and Tax Pooling. A direct debit payment will be received in time when the direct debit transaction is made on or before the New Zealand due date.

### Debit/credit cards

6. 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.
7. A convenience fee of 1.42% is payable (charged by the banks) on all debit/credit card transactions from within New Zealand and overseas, with the exception of Child Support

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and Student Loan repayments from overseas, where Inland Revenue pays the convenience fee.

8. 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.

### Cash and EFTPOS payments

9. Payments by cash or EFTPOS 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.
10. Cash payments should not be sent by mail or courier to Inland Revenue.
11. Since 1 July 2020, payments at a Westpac branch or Smart ATM must either include a barcode obtained from letters, returns<sup>[1]</sup>, and statements issued by Inland Revenue, or a

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<sup>[1]</sup> 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. barcode created through the Inland Revenue website<sup>[2]</sup> to provide clear payment instructions. A separate barcode is required for each individual tax type payable and tax period.

12. Customers may pay by cash or EFTPOS at a Westpac counter or cash at a Westpac Smart ATM. Customers with a Westpac bank account may also pay via EFTPOS at a Westpac Smart ATM.
13. Payments made at a Westpac branch are received in time if they are made on or before the due date. The cut off time for a payment made at an ATM is 9PM, any payment made after this will go in the banking file on the next business day.

### 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

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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](http://www.ird.govt.nz/makepayment/overseas/from-overseas-index.html)

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<sup>[2]</sup> Through Inland Revenue's website payment page at [www.ird.govt.nz/make-a-payment/paying-at-westpac](http://www.ird.govt.nz/make-a-payment/paying-at-westpac) or [www.ird.govt.nz/barcode](http://www.ird.govt.nz/barcode)

### 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.

### Payments by cheque

20. Since 1 March 2020, Inland Revenue has not accepted cheques as a method for payment of tax. Customers are expected to use other bank services available for making payments.

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21. The Commissioner may agree in exceptional circumstances for certain customers to make payment by cheque, where the customer can show they are unable to pay by any other means. Customers who consider that none of the other options for paying tax is

difficult or impracticable for them should contact the Commissioner explaining why they cannot use one of the other 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. After discussing Mary's situation with her, Mary agreed that she is able to set up a direct debit with us, or set up payments using an Automatic Payments form. On this basis, an exceptions arrangement to pay tax by cheque post 1 March 2020 was not approved.

### 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. A 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.

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## **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 have not been accepted as a payment method for tax since 1 March 2020. Post-dated cheques will be presented for payment on the day they are received by Inland Revenue where customers have prior agreement to pay by cheque.
25. Cheques will be returned to customers who have not obtained prior 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 may make deposits via their online banking Pay Tax facility, by credit card and direct debit, as these tax types have been added into online banking as options for payment.

## **Weekends and public holidays**

28. If a due date falls on a weekend or a public holiday, 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. If a due date falls on a weekend or a public holiday (including a provincial anniversary day), and the Commissioner's agreement has been given to make cheque payments, cheque payments will be accepted as being received in time if received by an Inland Revenue office on or before the close of business on the next working day.

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## Provincial Anniversary Days

30. For those customers located in the province that is celebrating its anniversary day and who usually make tax payments in person over-the-counter at Westpac, the payment will be in time if received on or before the next working day.

This Standard Practice Statement is signed on 2 July 2020.



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## About this document

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.