

Tax relief – adverse and emergency events

We know that tax will not be the first thing on your mind after an adverse or emergency* event. However, we can help you if you contact us with any concerns or questions you have about tax relief.

If an adverse or emergency event affects your ability to make your tax payments and/or affects your income, tax relief and/or income assistance may be available depending on your personal circumstances and the particular event.

Late filing and late payment penalties

If you've been unable to file returns on time, it's important to contact us and discuss your options. We cannot grant extensions for GST and PAYE returns, but any penalties for late filing may be remitted. If you receive a letter advising your return is overdue it's important you do not ignore the letter but contact your tax agent or Inland Revenue when you reasonably can.

Under some circumstances penalties for late payments caused by the effects of the adverse or emergency event may also be remitted.

Interest

For some adverse or emergency events we can remove interest that has been charged if you were affected. If you've been affected by an emergency event, find out if interest can be removed at [ird.govt.nz/discretionary-relief](https://www.ird.govt.nz/discretionary-relief)

Outstanding tax

We'll consider instalments for outstanding tax in some circumstances. You can apply for a write-off due to serious hardship when you know you will not be able to pay the full amount.

Note

If we grant relief from payment due to hardship and you have losses to carry forward, these losses will be reduced in proportion to the amount written off.

Support for you and your family

Child support

If your family income or situation has changed this may affect your entitlements or payments. If you have concerns or questions, or you are having trouble making your payments by the due dates, please call us on 0800 221 221.

Working for Families Tax Credits

Working for Families can be paid weekly, fortnightly or after the end of the tax year. If your income or family circumstances have been affected by the adverse or emergency event, please update your family details in myIR at [ird.govt.nz](https://www.ird.govt.nz)

Grants and relief payments (for individuals and families)

In an adverse or emergency event civil defence payments may be made available from Work and Income (Te Hiranga Tangata). As civil defence payments can help cover the costs of certain expenditure such as food, bedding, clothing and accommodation, and these are all in the nature of private household expenditure, there are no tax consequences that arise if you receive these payments.

There are also no tax consequences that arise if a payment for loss of income is provided to a person who usually receives income from either employment or a benefit. If you are self-employed though you may need to pay tax on the payment – refer to 'Grants and relief payments (for businesses)' below.

* "Adverse or emergency" means as a result of a national or local civil defence emergency and/or a rare occurrence where an event has significant implications to the operating of your business. Examples include snow storms, floods, drought, earthquake or disease affecting livestock or crops.

KiwiSaver

If you're affected by an adverse or emergency event you can suspend your KiwiSaver contributions, or you may be able to apply for a withdrawal due to hardship. Find out more about KiwiSaver suspensions at ird.govt.nz/apply-for-savings-suspension, or for hardship applications contact your scheme provider.

Donations

If you make a monetary donation to an approved charity, you may be entitled to a tax credit.

Find out more about donations and approved donee organisations at ird.govt.nz/donation-tax-credits

Student Loans

There are a number of relief options available to people with student loans, including:

- self-employed can apply to have their student loan assessments reduced
- salary & wage earners can apply for a reduced repayment deduction
- anyone who is studying full-time and is earning under the annual repayment threshold can apply for a repayment exemption.

These three options are available through myIR.

Find out more about student loans at ird.govt.nz/difficulty-repaying-student-loan

Tailored tax codes

You may be entitled to a tailored tax code if you're receiving a salary or wage and have a loss to carry forward. Find out more about tailored tax code options at ird.govt.nz/tailored-tax-code

Support for businesses and self-employed people

Provisional tax estimates/re-estimates

You may be able to make an estimate or re-estimate of your provisional tax if your income has changed due to the adverse or emergency event. We can arrange early refunds if provisional tax has been overpaid.

Certificate of exemption or tailored tax rate

If you're currently involved in contract work where schedular payments are to be deducted (eg, shearing or other agricultural contract work), you may be entitled to a certificate of exemption or tailored tax rate. Find out more about tailored tax code options at ird.govt.nz/tailored-tax-code

Income equalisation scheme

People with money deposited in this scheme who:

- carry on a farming or agricultural business on land in New Zealand, or
- carry on a fishing business, or
- derive income from forestry

may be able to make an early withdrawal, or deposit funds in the scheme later than the usually allowed date.

Find out more about special provisions at ird.govt.nz/discretionary-relief

Grants and relief payments (for businesses)

Grants and subsidies received by a business will usually need to be included as income in your GST return.

For income tax the correct treatment of a grant or subsidy will depend on who has paid the grant or subsidy and the purpose of the grant or subsidy.

Further information regarding taxation of grants and subsidies can be found in our booklet **Grants and subsidies (IR249)**.

This is a complex matter so please discuss with your tax advisor.

Insurance payout

If you're registered for GST (or required to be registered) and receive an insurance payout relating to your taxable activity then you will usually need to account for GST on the payout.

If the payment is for lost trading stock (livestock, sales goods) or consumables (hay, raw materials) or for loss of income or profits, it is also taxable income for income tax purposes.

If the payment is for depreciable capital assets (barns, sheds, manufacturing plant, kilns) the insurance amount is generally required to be accounted for by being offset against associated costs such as repairs and/or through adjustments to the tax book value of the property which may reduce future depreciation claims or give rise to depreciation recovery.

This is a complex matter so please discuss with your tax advisor.

Small Business Cashflow Scheme (loan)

If you have repayments for your Small Business Cashflow loan that you will not be able to meet due to an adverse or emergency event please contact us to discuss a variation to your repayment schedule.

Need more help?

We suggest you contact your tax advisor first. If you wish to speak to us please call 0800 473 566. For the latest information about tax relief for your situation, go to ird.govt.nz/tax-relief-emergency-events