

MANAGING TAX THROUGH DROUGHT

Tax relief and income assistance is available for farmers affected by the drought. Inland Revenue has a range of measures to help, depending on personal circumstances. If you are concerned about tax payments, changes in income, refunds or filing dates, contact your tax agent/Accountant or Inland Revenue's emergency helpline **0800 473 566**. Tax assistance could include late deposits or early withdrawals from the income equalisation scheme, late re-estimates of provisional tax, extensions of time for filing, instalment arrangements, and remission of penalties. Please talk to your accountant.

Talk to Inland Revenue about:

- **The Income Equalisation Scheme:** Farmers who have money deposited in this scheme or the Adverse Event scheme may be able to make an early withdrawal, or deposit funds from forced sale of live-stock.
- **Late election of provisional tax estimates or refunds:** You may be able to send a late estimate or re-estimate of provisional tax, if your circumstances have changed due to the drought. We could also arrange early refunds if provisional tax has been overpaid.
- **Tax outstanding:** Inland Revenue will consider instalment arrangements for outstanding tax in some circumstances.
- **Late filing and late payment:** Extensions for some income tax returns may be available. Extensions can't be granted for GST and PAYE returns, but any penalties for late filing may be remitted. Penalties charged for late payments caused by the effects of the drought may also be remitted.
- **Child Support:** If you will have trouble making payments by due dates, please contact us on **0800 221 221** to discuss the situation.
- **Other tax provisions**
 - Deductions for losses on farm when certain improvements are destroyed or irreparably damaged.
 - Livestock or materials donated because of an adverse event may be treated zero-value.
 - Payments or donations from charities are not taxable or liable for GST.
 - Tax treatment of insurance payments depends on what the payments are compensating for example, insurance for loss of capital assets is non-taxable, but income-replacement insurance may be taxed.
 - If you need to borrow money to keep your farm going, the interest may be deductible.
 - You may be eligible for the Independent Earner Tax Credit.