

Adjust your income

Student loans and Working for Families Tax Credits

Tax year ending (eg. 31 03 2015)

1

Enter the tax year you are completing the form for.

2 First name Last name

3 IRD number

(8 digit numbers start in the second box. 1 2 3 4 5 6 7 8)

Complete this form if you have to make income adjustments for a **student loan or Working for Families Tax Credits (WfFTC)**. Income adjustments may affect your entitlements and/or obligations, but they don't alter the income you have to show in your *Individual tax return (IR 3)* or personal tax summary (PTS).

You can make all your income adjustments for a student loan or WfFTC on one form. You don't need to complete this form if you've already contacted Inland Revenue with your end-of-year income adjustment information.

Go to our website www.ird.govt.nz (search keywords: adjust your income) for more information and examples of making adjustments. You can also complete this form online through your myIR account.

Please read the attached notes before you start completing in this form.

Section A – Working for Families Tax Credits (WfFTC) customers

Only complete the adjustments that apply if you're a WfFTC customer. **Go to section B if you haven't applied to receive WfFTC.** For more information, please see the attached notes.

4 Passive income of children—only include the amount that **exceeds the \$500 threshold** for each child. Read the attached notes for how to apply the threshold and if you share care. **If your child/children doesn't have any income, leave all fields blank.**

Child's name	Shared care (tick ✓)	Child's IRD number	
4A <input type="text"/>	4B <input type="checkbox"/>	4C <input type="text"/>	4 <input type="text"/> \$ <input type="text"/> . <input type="text"/>
<input type="text"/>	<input type="checkbox"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/>	<input type="checkbox"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>

5 Income of a non-resident spouse or partner

Spouse's or partner's name

5A

Spouse's or partner's IRD number

5B

Spouse's or partner's country of residence

5C

5 \$.
Amount must be in NZD

6 Other payments—payments received to help with household expenses.

Only tell us if the **total amount of all payments is over \$5,000.**

Payment source (ie, where the payment came from)

6A

6 \$.

\$.

7 Retirement savings scheme contributions

7 \$.

8 Depreciation recovered on sale of buildings used in business and/or rental activity

8 \$.

Section B – Student loan borrowers

Only complete the adjustments that apply if you're a student loan borrower. **Go to section C if you aren't a student loan borrower.** For more information, please see the attached notes.

9 Non-resident foreign-sourced income

9 \$.
Amount must be in NZD

10 Distributions from trusts – not beneficiary income

10 \$.

Section C – All customers

Only complete the adjustments that **apply to you**. Go to section D if you don't have any adjustments to make. For more information, please see the attached notes.

- 11 Employer-provided motor vehicles – when salary is exchanged for private use
- 12 Vouchers and other short-term charge facilities – provided by your employer, ie, business charge accounts and credit cards used for private purchases. A threshold applies, please see the attached notes for details.
- 13 Non-locked-in portfolio investment entities (PIE)
- 14 Certain pensions and annuities – show 50% of the amount received
- 15 Distributions from retirement saving schemes or superannuation schemes
- 16 Tax-exempt overseas pensions
- 17 Tax-exempt income
- 18 Income from a retirement savings or superannuation scheme PIE declared in your tax return

11	\$.
12	\$.
13	\$.
14	\$.
15	\$.
16	\$.
Amount must be in NZD			
17	\$.
18	\$.

Section D – Business activities

The following adjustments apply if you are self-employed, are a settlor of a trust, or have investment or rental interests. **Only complete the adjustments that apply to you**. For more information, please see the attached notes.

- 19 Attributable trustee income
- 20 Attributable fringe benefits
- 21 Loss(es) that were offset against income from another activity
- 22 Income equalisation main scheme deposits

19	\$.
20	\$.
21	\$.
22	\$.

Income equalisation main scheme refunds

- 23A Working for Families Tax Credits customers – show the income equalisation refund (less interest) for deposits made on or after 1 April 2011
- 23B Student loan borrowers – show the amount of income equalisation refund (less interest) for deposits made on or after 1 April 2014

23A	\$.
23B	\$.

Attributed income of a major shareholder in a close company

- 24 Company's net total income (gross income less expenses) for the company's income year
- 25 Percentage of shares you held in the company on the last day of the company's income year
- 26 Total dividends paid by the company for the company's income year

24	\$.
25			%
26	\$.

Attributed dependent child/ children's income of a major shareholder in a close company – Working for Families Tax Credit customers only

- 27 Company's net total income (gross income less expenses) for the company's income year
- 28 Percentage of shares your dependent child/children held in the company on the last day of the company's income year
- 29 Total dividends paid by the company for the company's income year

27	\$.
28			%
29	\$.

We'll calculate your income adjustment for you

The information provided in this adjustment form is true and correct.

Signature	Date
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Send your completed adjustment form to:
Inland Revenue, PO Box 39090, Wellington Mail Centre, Lower Hutt 5045.
Keep a copy for your records.

You can complete this form online through your myIR account at www.ird.govt.nz

If both you and your spouse or partner have adjustments to make, you will each need to complete an IR 215 form.

For further details about the income types shown on this form, please go to www.ird.govt.nz (search keywords: adjust your income).

Notes to help you complete the *Adjust your income IR 215 form – 2015 onwards*

The following notes explain the income adjustment types. If you don't have any income to provide for an income type, **leave the box empty**.

For more information and for assistance with completing the form for 2014 and prior years, go to www.ird.govt.nz (search keywords: adjust your income).

If you're unsure about what information to give us, we recommend you talk to a tax advisor.

4 Passive income of children

Passive income includes interest, dividends, beneficiary income and rents. For a complete list of income types, go to our website (search keywords: passive income of children).

If your child/children received more than \$500 of passive income during the year, enter the amount over \$500 at Question 4. If you share care of a child/children, divide the amount above \$500 equally between yourself and the other caregiver.

Example: Mary is the principal caregiver for two children, Jane and Mark, and receives WfFTC. Jane receives \$900 interest and Mark receives \$200 interest. Mary will have to add the amount over \$500 (\$400) of Jane's interest to her family income for WfFTC. Because Mark's interest is under \$500, Mary doesn't need to tell us about it.

5 Income of non-resident spouse

If your spouse, civil union or de facto partner isn't a New Zealand tax resident, we require their foreign-sourced income to be included as part of your family income for WfFTC. Enter the total amount of their income, in NZ dollars, in Question 5. We may ask you to confirm details of their income.

If you need more information about tax residency in New Zealand, please go to our website (search keywords: tax residency).

6 Other payments – payments received to help with household expenses

You and your spouse or partner may receive payments from another person or entity to help out with your family's household expenses. If these payments add up to more than \$5,000 in a year, you need to tell us.

Example: Jill's parents give her \$100 a week towards her mortgage payments. The total amount over the year is \$5,200. Because it's over \$5,000, Jill enters \$5,200 at Question 6. If the amount Jill received was \$5,000 or less, Jill would leave Question 6 blank.

7 Retirement savings scheme contributions

If a contribution is made to your retirement savings scheme on your behalf from which retirement scheme contribution tax has been withheld and you included that contribution in your tax return, enter the amount at Question 7. This may alter your WfFTC entitlement.

8 Depreciation recovered on sale of building used in business and/or rental activity

If you sold a building in the past year, show the amount of depreciation you've claimed for it in income years before 2004, unless the business income was a loss in the year the depreciation was claimed.

Example: In this tax year Ben sold his commercial rental property. He recovered \$100,000 depreciation from the sale.

Ben claimed \$60,000 depreciation in 2003 and earlier tax year's, and \$40,000 between 2004 to 2011. He can adjust this years Working for Families income by \$60,000 for the depreciation he claimed before 2004. Ben enters \$60,000 at Question 8.

9 Non-resident foreign-sourced income

If you're a non-resident student loan borrower, but you're considered to be physically present in New Zealand for student loan purposes, we need to know your foreign-sourced income at Question 9.

Example: Sarah is a student loan borrower who earned \$27,000 working overseas. Because we approved her application to be treated as physically present in New Zealand, Sarah must tell us about her overseas earnings.

10 Distributions from a trust – not beneficiary income

If you received a distribution from a trust that wasn't beneficiary income, and you are not the settlor of the trust, it generally counts as income for student loans. Include the distribution at Question 10.

Example: Matt is a beneficiary of a family trust that has a cash PIE investment. He receives a \$2,000 distribution which he doesn't need to include in his tax return because the trust income was not taxable. Matt will have to include an adjustment for \$2,000 for his student loan income by entering \$2,000 at Question 10.

11 Employer-provided motor vehicles – when salary is exchanged for private use

If you agreed to a lower salary in exchange for private use of an employer-provided motor vehicle, we consider the amount of salary you would have received without this arrangement as income for student loan and WfFTC purposes. Include the amount exchanged at Question 11.

Don't include the value if the use of the vehicle is just part of the job.

Example: Erin's employer offered her use of the work car and a \$50,000 salary or a \$58,000 salary and no private use of the work car. Erin chose to have use of the work car instead of the additional \$8,000 salary, so she includes this as income for student loans and WfFTC.

12 Vouchers and other short-term charge facilities – provided by your employer

If your employer provides a short-term charge facility, eg, a pre-loaded gift card, charge account or company credit card, we may consider the amount to be part of your income for student loans and WfFTC. It depends on the total value for the year.

You only need to tell us if the total amount of all cards, accounts and vouchers goes over the smaller of the following thresholds:

- \$1,200 if your salary or wages are \$24,000 or more
- 5% of your salary or wages if you earn less than \$24,000 a year.

If above the threshold, you'll also need to add the FBT (fringe benefit tax) your employer(s) pay on this benefit.

<input type="text"/>	+	<input type="text"/>	=	<input type="text"/>
Amount		FBT		Enter at Box 12

13 Non-locked-in portfolio investment entities (PIE)

Enter the amount of:

- income attributed from a PIE that gives you ready access to your investment (eg, a cash PIE, on-call PIE, PIE term deposit), or
- dividends from listed PIEs, that you haven't declared in your *Individual tax return (IR 3)* or personal tax summary.

Don't include KiwiSaver or any other locked-in super funds.

14 Certain pensions and annuities

Enter 50% of the amount of tax-exempt annuities from life insurance policies and/or a pension from a superannuation fund you received in the tax year. Don't include NZ Super paid by Work and Income.

15 Distributions from retirement saving schemes or superannuation schemes

Retirement savings schemes

If you receive a distribution from a retirement savings scheme before you retire, you need to include it as part of your income for student loans and WfFTC if:

- retirement scheme contribution tax was withheld from the contributions to the scheme, and
- you weren't eligible for NZ Super when you received the distribution.

Superannuation schemes

A distribution from a superannuation scheme is treated as income for student loans and WfFTC if:

- the distribution wasn't from a KiwiSaver scheme or complying superannuation fund
- your employer made contributions in the tax year you received the distribution, or in either of the two previous years.

You'll only need to include it if:

- the distribution wasn't made because you retired, and
- you continued to work for the employer for at least one month after you received the distribution.

You don't need to include any distribution of contributions that you made for either schemes.

16 Tax-exempt overseas pensions

If you receive NZ Super and a tax-exempt overseas pension, include the pension amount as an income adjustment.

You don't need to tell us the amount of your overseas pension if you pay all your overseas pension to Work and Income and receive NZ Super in full.

17 Tax-exempt income

If you receive salary or wages that are exempt from New Zealand income tax under specific international agreements, we treat this as income for student loans and WfFTC.

Go to our website for a list of tax-exempt salary and wages.

18 Income from a retirement savings or superannuation scheme PIE declared in your tax return

If you've included income attributed from a PIE, that is a superannuation fund or a retirement savings scheme, in your IR 3 return, you can exclude it from your income for student loans and WfFTC by entering the amount at Question 18.

19 Attributable trustee income

If you're the settlor of a trust, we may treat some or all of the income the trust receives (that isn't distributed as beneficiary income) as income for calculating student loan repayment obligations and WfFTC entitlements. Include this amount at Question 19.

Use the following formula to calculate the amount of trustee income:

$$\frac{\text{Trust's income}}{\text{Number of settlors}} = \text{attributable trustee income}$$

If the trust has a controlling interest in a company, you'll also need to include the company's income.

$$\left(\frac{\text{Trust's shares}}{\text{Company shares}} \right) \times \left(\text{company's total income} - \text{dividends} \right) = \text{company income}$$

Add the company income to the trust's income to determine the attributable trustee income.

20 Attributable fringe benefits

If you are a shareholder-employee in a company where you and any associated persons hold 50% or more of the voting interests, the total value of attributable fringe benefits received is treated as income for student loan and WfFTC. Include the value of the attributed fringe benefits and the FBT payable at Question 20.

Attributable fringe benefits are employer-provided:

- motor vehicles for private use
- low/nil-interest employee loans
- subsidised transport (when the employer is in the business of transporting the public) over \$1,000 in value
- contributions to insurance schemes, sickness, accident or death funds over \$1,000 in value
- any other benefits received over \$2,000 in value.

If you receive fringe benefits but you or your associates (eg, a family trust) aren't shareholder-employees of the company you work for, you don't need to include the fringe benefits in your income.

21 Loss(es) that were offset against income from another activity

If you have a loss from running a business, making investments or a rental property, we won't include it in the calculation to work out your student loan and WfFTC entitlements/obligations.

You only need to tell us the amount of a loss if you have:

- made a loss and profit from two or more unrelated businesses or investment activities, and
- entered the net amount in only one box on your IR 3 return.

Example: Angela's IR 3 return shows income from her farming business of \$60,000 (self-employment) and a loss from renting out commercial buildings of \$25,000.

If Angela declared the income and loss in separate boxes in her IR 3 (eg, self-employment and rents) she doesn't need to tell us. We'll automatically treat the loss as nil.

But, if she declared the net amount in one box, eg, self-employment income of \$35,000, Angela needs to tell us about the \$25,000 loss by entering \$25,000 at Question 21.

22 Income equalisation main scheme deposits

Any deposit made this income year, by yourself, a company or trust controlled by you, into your income equalisation main scheme account, needs to be added back to your income for student loan and WfFTC if you claimed a deduction for it in your tax return.

Do this by entering the amount of the deposit at Question 22.

23 Income equalisation main scheme refunds

Refunds from your income equalisation main scheme are included as income in your tax return but not included for student loan and WfFTC income. Enter the amount of any refund you received (excluding interest earned on the deposit) at Question 23 and we will reduce your income for student loan and WfFTC.

Do not include refunds from the adverse event income equalisation scheme and thinning operations.

24 – 26 Attributed income of a major shareholder in a close company

If you're a major shareholder in a close company on the last day of the company's income year, you may need to include company income for student loans and WfFTC.

We'll need the following information to calculate the adjustment:

Question 24 – company's net total income for the company's income year

Question 25 – percentage of shares you held in the company on the last day of the company's income year

Question 26 – total dividends paid by the company for the company's income year

Note: If you're a major shareholder in more than one close company, you'll need to do separate calculations for each company.

27 – 29 Attributed dependent child/children's income of a major shareholder in a close company

If you receive WfFTC, you also have to include the attributed income of any dependent children who have a voting interest in a company (whether you hold any voting interests in that same company or not). Please give us the following information:

Question 27 – company's net total income (gross income less expenses) for the company's income year

Question 28 – percentage of shares your dependent child/children held in the company on the last day of the company's income year

Question 29 – total dividends paid by the company for the company's income year.

Note: If you're a major shareholder in more than one close company, you'll need to do separate calculations for each company.

Terms we use

Adjustment – Additional income types to be included that are not part of taxable income, or have the effect of adding back into your income a deduction or remove an amount of income that is part of your taxable income but is not included for WfFTC and/or student loan purposes.

Annuities – An annuity is a fixed figure that will provide income from a life insurance policy.

Attributed income – As a major shareholder in a company you may have the ability to access the year's retained earnings of the company for your own private expenditure.

Close company – A company where five or fewer persons hold more than 50% of the shares in the company. If the shareholders are associated they are counted as one person.

Distributions – Amounts paid to a member of a retirement savings scheme or a beneficiary of a trust that are generally not taxable income.

Employer-provided short-term charge facilities – A business credit card, business charge account or a voucher for your own use, eg, fuel card, shop card or grocery vouchers.

Income equalisation main scheme – This scheme allows eligible farming, fishing or forestry customers to even out fluctuations in income by spreading their gross income from year to year.

Other payments – Extra payments you generally receive from family or friends, to help with mortgage or other household expenses, eg, payments towards groceries, power or phone bills. It's not your income, which you pay tax on. They can be paid to you or direct to a bank, service provider or agency on your behalf.

Passive income – Income from interest, dividends, Maori authority distributions, beneficiary income, royalties, rents, attributed PIE income and dividends from a listed PIE.

Principal caregiver – The person who has on a day-to-day basis the primary responsibility for a dependent child, but not in a temporary arrangement.

Settlor – Generally a settlor is a person who transfers value in cash or kind to the trust for the benefit of the beneficiaries. You are also a settlor if you provide financial assistance to a trust (or for the benefit of the trust) with an obligation to pay you back on demand, and you don't ask the trust to pay you back or you defer making the request for repayment.

Tax resident – You're a tax resident in New Zealand if you're in New Zealand for more than 183 days in any 12-month period, or have an "permanent place of abode" in New Zealand, or you're overseas in the service of the New Zealand government.