



Get more flexibility and control with Tax Traders.

Deposit your provisional tax into a tax pool.

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What is tax pooling?

Tax pooling brings together taxpayers from across New Zealand in a tax pool. This allows you to trade tax payments with other taxpayers to match your specific needs. Trading tax like this is done through Inland Revenue-approved tax pooling intermediaries like Tax Traders.

Why deposit in the tax pool?

Paying your provisional tax into the tax pool is called depositing. By depositing, rather than paying Inland Revenue directly, you get greater control over your tax:

- Any amount, any time - deposit tax whenever it suits you. Your accountant will make sure those deposits are moved to the dates and amounts Inland Revenue expect when it's time to transfer satisfy any income tax liabilities with Inland Revenue.
- Earn interest on overpayments – if you don't need all your deposits, you can sell any excess amounts and earn interest on any amounts sold.
- Access your own tax funds - If you need the cash, you can withdraw your deposits from the tax pool without needing additional Inland Revenue approval (subject to an anti-money laundering verification checks, if needed).
- Fix up mistakes - forget to make a non-income tax payment on time? In most cases, you can pay it with your earlier deposits to avoid penalties and interest.

Example

Mathew does contract work, and deposits funds into Tax Traders' tax pool. At the end of the year, Mathew has a total balance of \$50,000. His accountant finalises his tax and he only has a \$40,000 tax bill. Mathew's accountant transfers his tax to Inland Revenue and sells his excess deposits, earning Mathew premium interest at 1%. Mathew has no penalties or interest to pay to Inland Revenue.

An Inland Revenue-approved framework

Tax pooling is a legal and respected part of the New Zealand tax system. Inland Revenue established tax pooling in 2003 to lessen the burden of the provisional tax regime for taxpayers.

Tax Traders is an Inland Revenue-approved intermediary, trusted by major accounting firms and companies nationwide. All funds in the tax pool are held securely by Public Trust, an independent crown entity. (You can find out more at www.taxtraders.co.nz.)

What will my Inland Revenue statements show?

Your payments will show on your statement of account once they've been transferred to your Inland Revenue income tax account. This means that you may see interest and penalties accrue on your statement of account until your tax payment is settled and transferred.

On transfer, Inland Revenue will consider your tax paid on time and any interest and late payment charges will be removed.

You will see a footnote on correspondence that you receive from Inland Revenue acknowledging that they are aware you have arrangements with a tax pool.

Talk to your accountant about paying tax to suit you.



0800 829 872 | taxtraders.co.nz