



Tax Talk

US IRS stimulus payments

Due to the unprecedented circumstances currently upon us because of COVID-19 governments around the world have been providing numerous different tax benefits to individuals.

The US Government provided US citizens with a US\$1,200 stimulus payment in response to COVID-19. This payment is available to eligible US citizens, including those living abroad, including those living in New Zealand.

In New Zealand, Inland Revenue will treat these payments as non-taxable income of the recipients in New Zealand for New Zealand tax purposes. However, recipients will need to comply with US tax obligations, if any. If you are eligible for this payment, we suggest getting in contact with your US tax agents (or if needed we can provide a US contact).

Although this payment is not subject to New Zealand tax it might cause issues with the income calculation of individuals who are eligible for Working for Families. This stimulus payment may need to be included in calculating the person's income for Working for Families purposes (called family scheme income). However, this will be excluded if amounts of family scheme income total less than \$5,000.

If you have any queries about this, please contact your Baker Tilly Staples Rodway advisor.

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