

Fact sheet – Repeal of cheque duty

The Government has proposed that cheque duty be repealed from 1 July 2014. This means that the 5 cents duty per cheque will not be payable on new cheque books issued from 1 July 2014. Additionally, from 1 July 2014, cheque duty will not be payable on bills of exchange for which cheque duty has not been prepaid.

Why?

- Cheque duty is being repealed because it is an outmoded tax that no longer raises substantial revenue, largely due to the decline in popularity of cheques as a method of payment.
- Cheque duty is New Zealand's last remaining transaction duty. No equivalent duty applies to alternative methods of payment (such as cash, EFTPOS, internet banking and credit card transactions). This makes cheque duty a distortionary and easily avoided tax.

Can I get cheque duty refunded?

- The general public cannot obtain a refund of cheque duty paid on unused cheques directly from Inland Revenue. If you wish to seek a refund for cheque duty paid on any unused cheques you have, you will need to contact your issuing bank before 30 June 2014. You will need to retain the number of cheques you are likely to need for use in between the date you seek a refund and getting your first new cheque book post-30 June 2014.
- Cheque duty may be refunded to licensed printers of cheques and temporary licensees who apply in writing to Inland Revenue's Duties Unit by 21 July 2014 for a refund of cheque duty they have paid (within the last 8 years) in relation to cheques that have not been printed, or unused cheques that have been destroyed before 1 July 2014. The minimum refund is \$1. From 22 July 2014 you will not be able to apply for a refund of cheque duty. Further details on how to apply for a refund can be found at: <http://www.ird.govt.nz/duties-levies/cheque-duty/cheque-refunds.html>
- Licensed banks will be able to receive an effective refund, via a deduction on their final cheque duty return, for cheque duty they have paid (within the last 8 years) in relation to cheques that have not been used and have been destroyed by the bank during the quarter ended 30 June 2014, including any cheques they have sent to their customers but were defaced or spoiled before the customer used them.

Cheques printed or issued after cheque duty has been repealed

- Cheques printed or issued after 30 June 2014 may continue to say "cheque duty paid" on them for some time until a rationalisation takes place. Cheque duty will not have been paid in relation to these cheques, as cheque duty will no longer be payable on cheques printed or issued after 30 June 2014. However, these cheques will be able to be used.

Further information for licensed banks and licensed printers of cheques

- For banks that were licensed during the quarter ended 30 June 2014, a final cheque duty return for the quarter ended 30 June 2014 must be filed and a corresponding final payment of cheque duty made by 21 July 2014.
- For printers of cheques that were licensed during the month ended 30 June 2014, a final cheque duty return for the month ended 30 June 2014 must be filed and a corresponding final payment of cheque duty (if any cheque duty is payable for that month) made by 21 July 2014.