

NEWSLETTER – SEPTEMBER 2019

IRD WEBSITE / MYIR LOGINS

As advised in our last newsletter, the new Inland Revenue (IR) website went live on 26th April, and we believe it is worth repeating some of the items raised previously;

* Please take care when making tax payments to get the reference right so that your payment is credited to the correct tax type and year, otherwise IRD may incorrectly refund it.

* As there is often a delay between you making a payment and IR processing a return, you may notice your myIR showing a credit balance in the meantime, or that your payment may not have been recorded correctly in the IRD system so it may show you have money to pay.

* Please contact us if you receive a refund you were not expecting. If it was issued in error you have up to 20 working days to repay the same amount to IRD and avoid consequences such as penalties and interest charges.

IRD Correspondence.

The IRD is sometimes issuing correspondence directly to you and we are finding that this is causing confusion as the information that IRD sends to you can be different to what we have advised, sometimes the IRD are not aware of all the facts, or they haven't processed all the paperwork we have sent them yet.

Please ring us to clarify any information received directly from IRD if this differs from what you have received from us.

Tax Refunds

As from 1 April 2019, all refunds of overpaid tax will be made via a direct credit into a bank account. (i.e. no more Cheques). Accordingly we are asking you to provide or confirm bank account numbers (and name of account). You may notice a new green slip attached to your tax return when we send it to you for signing, please ensure you complete and return to us.

The IRD have automated the tax refund process for many non business customers, based on the information they have to hand. If you or your family members receive a tax refund and you think IRD don't have all the correct information, please contact us.

Be aware of scammers. There have been a number of scams around for a while that purport to be from IRD saying you have a refund due and all they need are your

bank details etc. Please take care, and only upload bank details directly to the IRD website via your MYIR Login. www.ird.govt.nz/

MISSED A TAX PAYMENT OR SHORT ON CASH

Late is late - The IRD treat one day late as late.

If you find that you have missed paying a tax payment on-time, or know that you will be short of cash to pay your tax on-time, please give us a call to discuss. How the IRD charge penalties and interest can differ between tax types, and there may be something we can do to reduce or eliminate any penalties or interest.

We are finding we are using tax pooling more and more as the income tax payment due dates and your businesses cash flow don't always align. Tax pooling allows you to pay your Income Tax when it suits your cashflow, eliminates IRD penalties and reduces the interest cost.

IRD – PAYDAY FILING

Up until now the IRD have been lenient with late filed payday reporting returns, but we are starting to see some late filing penalties being enforced by IRD.

ANTI MONEY LAUNDERING LEGISLATION

New Zealand's AML/CFT regulations came into effect in November 2017, with different sectors being phased in throughout 2018 and 2019. As Chartered Accountants we need to comply with our requirements under the legislation, so we will be requesting identification documents and address confirmation in due course.

EMPLOYEE BREAKS

From 6 May 2019, the Employment Relations Amendment Act 2018 Act (ERA) requires that employees have set rest and meal breaks, so that they have time to rest, refresh and attend to personal matters.

If an employee has to take a specific break under other legislation, that legislation applies instead of any break entitlement under the ERA, For Example, The Land Transport Act 1998 and drivers log books overrules the new ERA.

The number and duration of breaks will depend on the hours worked. Breaks benefit workplaces by making sure that employees work safely and productively.

Employers must pay for minimum rest breaks but don't have to pay for minimum meal breaks. Employers and employees need to agree when to take their breaks. If they cannot agree, the law will require the breaks to be taken at times as specified in the Act, so long as it's reasonable and practicable.

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More information is available at.

<https://www.employment.govt.nz/assets/Uploads/3fe2e990b4/changes-to-rest-and-meal-break-entitlements-frequently-asked-questions.pdf>

OCR REDUCTION

The reserve bank reduced the OCR to 1% on 7th August. OCR movements are always a double edged sword. This change is good news for borrowers and not so good news for investors.

For the Reserve Bank summary go to

<https://www.rbnz.govt.nz/monetary-policy/monetary-policy-statement/mps-august-2019>

It could be a good time to review your interest rate strategy on your borrowings, fix or float or a mix of both.

LANDLORDS INSURANCE

On 27 August 2019, new legislation took effect, which will affect tenants' liability for damage.

If tenants or their guests cause careless damage in a rental property, they will be liable for the cost of the damage up to four weeks' rent or the landlord's insurance excess, whichever is lower.

Tenants on income-related rents will be liable for careless damage up to four weeks' market rent or the insurance excess, whichever is lower.

Landlords will need to provide insurance information in any new tenancy agreement, and tell tenants if this information changes within a reasonable time. Landlords will also need to include a statement informing tenants that the insurance policy for the property is available on request.

GIFT VOUCHERS

Question - An employer gives gift vouchers of \$150 to its employees as a bonus.

How should this expense be treated for tax purposes?

Answer – Depends

FBT would usually apply to gift vouchers that cannot be exchanged for cash.

If you are providing other fringe benefits to your employees, the voucher amount "may" need to be included in your FBT calculations.

If you are not providing other fringe benefits to your employees this may be a win win.

I.e tax deductible to you and tax free for your employees.

There are certain annual limits per employee and employer, so give us a ring to discuss your particular circumstances.

TRUSTEES ACT 2019

The new Trustees Act gained royal assent on 30 July 2019, and comes into force 30 January 2021.

Major changes include

- New trustee duties
- Beneficiaries entitlement to information
- Maximum duration extended to 125 years

The Act is going to impact all trusts, so we recommend that all trustees use this 18 month transition period to ensure their practices align with the provisions of the Act.

We will include more on this in future newsletters and discuss with you when completing this year's financial statements.

MAJOR EVENTS

Congratulations to the **SILVER FERNS**

- great victory over the Australians

Commiserations to the **BLACK CAPS**

And go the **ALL BLACKS** – bring it home

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