



MARCH 2017 UPDATE



Muriwai Beach

FROM OUR OFFICE

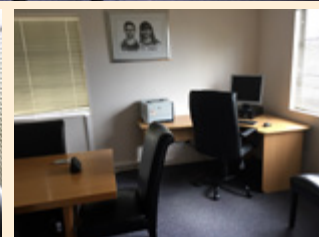
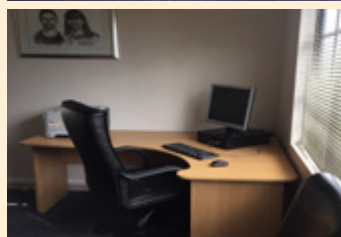
The KTS meeting room is ready

At our KTS premises in Shamrock Drive in Kumeu, we have set up a meeting room equipped with computers, a projector system and wireless controls, in the area that was previously Tony's office upstairs.

We plan to use it for staff meetings, training purposes for staff and also for clients who would like some help in setting up and maintaining programmes for accounting.

This room is also available (free of charge) for our Clients to use as a venue for off-site meetings, it can hold 8 - 10 people and is ideal for a small gathering.

If you would like to use our meeting room, please give Janell a call and she will be pleased to book it for you.



Changes in our Accountancy charges from 1st April 2017

For many years at KTS, we have not charged for some of the services that we have performed for our clients as part of our Accounting services. However, due to regulation changes at the IRD which involve us in many additional hours of work, we reluctantly need to pass some of these costs on to our Clients.

- **Agency Fees:**

We receive daily, information from our clients such as changes of name, postal and location addresses, phone numbers and email addresses. This requires updates to our database and written communication to Inland Revenue so that their database is also updated.

It is important that our Agency listing is up-to-date. To help cover the cost of the time spent keeping it that way, from 1st April this year we will be raising an annual invoice for all clients as an Agency Fee. The fee will be \$30 plus GST.

- **Trusts:**

We act for a number of Trusts as an Independent Trustee. This often requires Tony to peruse and sign legal documents for sales and purchases of assets, Bank loans and other legal documents. A number of the Solicitors and some Banks require the documents to be signed in their Offices, and that involves travel to them.

As a Trustee Tony is also involved in discussions requiring advice and decision-making.

Due to the time involved, we will be charging an annual Trustee Fee of \$100 plus GST to those Trusts for which we act as Independent Trustee. The invoice will be raised early in April each year.



Most Clients will have received notification from IRD of improvements to myIR for online viewing, filing and paying of GST.

If KTS is currently filing GST on your behalf, this will not change, you will continue to receive notification from us as to how much your payment is and when the payment is due. You do not need to file your own GST through myIR.

You can then either pay your GST through online banking or go to myIR and pay there.

Undeclared cash jobs

Recently, Inland Revenue wrote to us to remind us “undeclared cash in the construction sector remains a high priority for us”.

Failing to declare cash jobs is, of course, illegal.

One way Inland Revenue can discover the extent of cash income is to re-construct the taxpayer's expenditure. Once they have a good idea of the extent of your expenditure, they can deduce your income. The system is surprisingly accurate. If they find a shortfall they then make their estimate of what the income ought to have been and you have to prove them wrong.

Inland Revenue has asked us to remind our clients of the consequences of not declaring income. They say it “can include tax penalties, criminal convictions or their ability to contract for work – which could have a considerable impact on their business and personal circumstances. The IR is getting smarter at finding people who are not declaring all their income.” - don't let it be you !



Get your debtors right at 31 March



From a tax perspective, the figure of money owing at balance date needs to be accurate.

- All work done up to 31 March which is capable of being charged must be included as income.
- Holding some of your invoicing over until April does not necessarily mean you can ignore it. You don't have to actually send out an invoice but you do have to add the amount into your accounts receivable figure for tax purposes. You won't be taxed twice because once we have put in a figure for the amount owing to you, we then deduct it in the next year's accounts.
- If work cannot be charged because it is not quite complete, it doesn't get included in your accounts receivable.

Work in progress, which is partly completed work.

- This work must be valued on the basis of the amount of material which has gone into jobs in progress and the value of the wages they have paid to do that work. Any other direct costs should also be included such as hire of equipment.

Cut off

- Don't deduct money received in April, until you have finalised the total owing to you at the end of March.

Professional services

- Professionals, who have supplied partly completed work (not invoiced), do not need to include these services in their annual accounts unless there is a right to make progress claims.

Beware the debt collector

Inland Revenue now has the power to disclose tax debts to debt collectors.

If the debt is more than 12 months old and greater than 30% of the taxpayer's gross income, the tax department can release the information.

These disclosures are going to be very dangerous. They will damage the credit rating of those who offend. If you are in this situation, be sure to make an arrangement with the Inland Revenue to catch up and make sure you stick to it.

Don't agree to anything you are not going to be able to sustain. Obviously, if you are in tax trouble, it might be wise to talk to us first.

Nowhere to hide

Meanwhile, tax departments around the world are clubbing together to swap information about assets and incomes owned and derived by taxpayers in countries other than their home country. IRD calls this AEOI, an acronym for Automatic Exchange of Information.

Soon there'll be nowhere to hide.

Big changes to PAYE on the way

On 3 November 2016, Inland Revenue announced changes to PAYE effective from 1 April 2019.

- Monthly schedules are to be abolished.
- PAYE information is to be filed on a payday basis.
- Dates for payment of PAYE are to remain the same with the option of paying on a payday basis.
- All information is to be filed electronically unless total PAYE deductions are less than \$50,000.
- Payroll subsidy is to cease from 1 April 2018.