



MAY 2018 UPDATE

Welcome to the Autumn newsletter

From our office

Questionnaire and consent form

By now most of you will have received the Questionnaire and consent form that we sent out last month by email. Thanks to all those clients who have already filled it out and sent it back in to us.

If you missed the email and still require the form, either :

- give us a ring and we will email it directly to you, or
- click **HERE** to go directly to the KTS Website, scroll down to the 2018 questionnaire, and either fill in online, or save to your desktop. You can then either email the form to us, or bring it in with your records and information.

IRD updates & news

Change to the rules for GST credit transfers

For GST refunds arising in the periods ending on or after the 1st April 2018, the effective date for transferring a GST refund will now depend on when the GST return was filed.

- For GST returns filed **before** the due date, the refund can only be transferred on the earlier of the day after the return was filed, or the end of the GST period.
- For GST returns filed **on** the due date, the refund can only be transferred on the day after the end of the GST return period.
- For GST returns provided **after** the due date, the refund can only be transferred on the date after the return was filed.

The best start programme

The new Government has introduced Best Start, a \$60 a week payment for a year following paid parental leave.

If your household income is less than \$79,000, the payment will continue until the child is three years old.

It has also enacted a “winter energy” payment of \$450 a year spread over five months for people receiving superannuation or a main benefit.

These payments will not be means tested. Couples will get \$700 between them to spend how they wish.

Backdated holiday pay

If you back pay an employee or ex-employee for holiday pay, this is to be taxed as a lump sum.

A plea from IRD “please ensure you use the correct payment account types”

When paying withholding tax on dividends the payment account type is **DWT**

When paying withholding tax on interest the account type is **IPS**

Deductibility of legal expenses-for buying or selling a rental property

Under section DB 62 of the Income Tax Act 2007, a person can deduct legal expenses if they are \$10,000 or less in an income year, including legal expenses that relate to spending on capital assets such as property.

They can't be claimed if they relate to expenditure of a private or domestic nature, such as the purchase of the family home.

Inland Revenue previously told taxpayers that a person could only claim legal expenses under for buying or selling a rental property if they were in the business of providing residential rental accommodation.

They now consider that a person will be able to claim legal expenses under section DB 62 for buying a rental property, regardless of whether they are in the business of providing residential rental accommodation or not.

Attention landlords

At present you must hold a residential property (that isn't your main home) for at least two years to avoid paying income tax on any capital gain.

Labour has firmly stated they intend to increase this period to five years and also because its just tweaking legislation already there, it will be sooner rather than later.

The good news is they are not planning on making the legislation retrospective so it will only apply to properties purchased after the law is changed.

Tax Calendar May 2018



Due 7th May 2018

- 3rd instalment of 2018 Provisional Tax
- GST for March 2018

IRD seeking more data, quicker

Inland Revenue is aiming to get as much data from you, in electronic format, as it can.

It wants to get this data much more quickly so it can make regular adjustments to the tax rates to cater for the Working for Families tax credit etc.

More and quicker data would also enable the Government to get rid of secondary tax. Most of these changes will occur on 1 April 2019 or 2020.

You are also going to have to file PAYE information electronically if you're PAYE and ESCT deductions are \$50,000 a year or more. This information will be required within seven working days of making the wage payment.

The department also wants details of interest and dividends reported monthly. It's going to require this information to be filed electronically, unless to do so would cause great hardship.

If you don't supply your IRD number to a payer of interest or dividends, there will be a non-declaration rate of 45% applied to the payment you get.

The banks will no longer be required to send out certificates of annual interest as these will be available on the Inland Revenue website and taxpayers will be able to access them through MyIR.

The Team at KTS are up to date with all these future requirements from the IRD and we will guide all our Clients accordingly. If you need any help, information or advice, please call us.

Stay safe online

Almost everyone is now making financial transactions of some sort online.

It's making the job of doing business simpler and more efficient, but it's certainly not without risk.

We need to be aware of how to stay safe and stay protected every day.

Here are the most important things to do, and not do, to improve your online security.



ALWAYS:

- Choose a password that contains a combination of characters, at least eight characters long.
- Update your website, software and apps as soon as a new update becomes available.
- Be cautious when receiving an email from an unknown sender.
- Keep your anti-malware and antivirus software up to date.
- Report all phishing scams to the official organisations they are trying to replicate.

NEVER:

- Give out your bank details unless you are on a legitimate shopping site with https in the url, or your official bank website.
- Use the same password for your online accounts.
- Store your personal information in unprotected documents.
- Re-enter your passwords and private information in pop-up boxes.
- Click on links that look suspicious.