

# Newsletter

March/April 2019

DB CHARTERED  
ACCOUNTANTS LTD

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## OFFICE CLOSURE

Our offices will be closed for Easter 19 April - 23 April (This includes the Tuesday of Easter weekend.)

We will also be closed Thursday 25 April for ANZAC.

*“Whatever you do, do it well. Do it so well that when people see you do it they will want to come back and see you do it again.”*

In this edition we cover off quite a bit of information, including the new minimum wage rate, overpaying ACC, information to put together for year end, GST and Tax payment issues, capital gains, and upcoming tax dates.

## CHANGES TO MINIMUM WAGE 1 APRIL 2019

The adult minimum wage is increasing from \$16.50 an hour to \$17.70 an hour on 1 April 2019.



The starting-out/training minimum wage will also increase from \$13.20 an hour to \$14.16 an hour (80% of the adult minimum wage).

Now may be a good time to review your employees to check if any are employed on the starting-out or training wage that will need to be moved to the adult minimum wage.

The adult minimum wage applies to all workers aged 16 and over who are not starting-out workers or trainees, and all workers who are involved in supervising other employees.

## OVERPAYMENT OF ACC

Are you paying too much ACC?

We recommend that you carefully check your ACC invoices before paying. While you want to make sure you have adequate income cover in case of an accident you do not need to pay more ACC than required.

Two things to check on your invoice:

1. Is the classification code for your industry or business correct?
2. Does the invoice correctly state if you are involved in the business full-time or part-time? (Part-time being where you work on average less than 30 hours per week). ACC's default cover is invoices based on a full time basis and minimum earnings of \$32,000 a year.

If you are unsure if your details are correct feel free to give us a call and we can check these for you. We have had a number of clients who were being charged at a higher rate than needed. In these cases we have been able to get these reassessed and a refund for ACC overpaid.

ACC are currently sending out letters regarding historical errors. This **is not** a scam.

## IRD SHUT DOWN

From 3pm on 18 April 2019 to 8am on 26 April 2019 Inland Revenue services online, call centres and offices will be closed due to system updates.

If you are filing PAYE or GST online you will need to do so **before** the 18<sup>th</sup>. IRD has stated that any saved drafts will be lost once the system goes offline.



## **YEAR END INFORMATION**

For those of you with a March balance date, we would like to remind you of some of the things you need to attend to for the year end. These include:

1. **Reconcile Bank Account** – whether you use online, accounting software, spreadsheets or manual cash book system, you will need to make sure it reconciles to the bank statement for each bank account as at 31 March 2019.
2. **Accounts Receivable** – Is your accounts receivable list accurate as at 31 March 2019? If you have any bad debts, ensure these are written off prior to 31 March (This is an IRD requirement).
3. **Accounts Payable** – All unpaid invoices dated 31 March and prior. We are able to claim these as expenses for you in the 2019 income year, even though they are not paid until April.
4. **Stock on Hand & Work in Progress** - Complete a stock-take and record stock and/or WIP as at 31 March 2019. If your stock as at 31 March 2019 is \$10,000 or less you do not need to calculate a stock value – we can use the previous years figure (if your total turnover is less than \$1.3 million).
5. **Computer Reports** - If you are using an accounting package, print out (or save to PDF) copies of the general ledger transaction report, trial balance, accounts receivable & accounts payable and bank reconciliation as at 31 March 2019 – and don't forget to do a backup, especially before rolling into a new year.
6. **Asset List** – This is the time to go through your asset list from the last year and advise us of any asset that has been sold, stolen, scrapped, destroyed or traded.
7. **Other Information to Compile**
  - Bank interest/RWT certificates
  - Dividend statements
  - Details of any other income received that has not been banked to your business account
  - Income Protection Insurance details
  - Donation Receipts for your rebate claim
  - Provide any information relevant to child support and family assistance claims



*A copy of our complete 2019 checklist is available on our website, [www.dbchartered.co.nz/pdfs](http://www.dbchartered.co.nz/pdfs) under Common Forms/Annual Checklists.*

## **TAX PAYMENT ISSUES**

When making payments to the IRD through internet banking, it is important to have the correct payment details. If the details are not correct the money sits in error at the IRD instead of paying your tax bill.

A common error we see is the selection of tax type GAP (GST & Provisional Tax). If you use this code to pay provisional tax and you are not registered for GST, this will go to error.

GAP should only be used when paying GST and Provisional Tax together and should match the combined amount recorded on the GST Return.

Another common error for GST payments is the tax period. This relates to the period in which the GST ends. For example if your GST return is for the two months April-May, the tax period will be 31 May.

When paying income tax (terminal or provisional), select the Income or Provisional tax option. This is normally one of the top options in the drop down box.

If you are looking at your options and are puzzled, pick up the phone. We are happy to talk you through your selection. A phone call won't cost you a cent whereas dealing with IRD to sort out a missing payment can be time-consuming.

## **FOLLOW UP TO PAYDAY FILING**

From 1 April 2019 employers are required to file PAYE returns using the following methods:

1. File direct from payroll software.
2. Upload a file to your myIR account.
3. File using onscreen data entry in your myIR account.
4. Continue to file a paper return. This option is **only** available if your total annual combined PAYE and ESCT is **below \$50,000**. Paper returns need to be filed at IRD 10 working days after the payday.



The employment information will be due 2 working days after wages are paid, however the due date for payment remains the same, on the 20th of the month (or 5th and 20th of the month for twice-monthly filers).

If you have any queries, see our December 2018 newsletter or feel free to contact us.

## **GST – COMMON ERRORS**

Common mistakes that result in incorrect GST Returns being completed include:

- **GST claimed on tax** – GST cannot be claimed on income tax, GST, PAYE or FBT payments
- **GST claimed on exempt supplies** – you cannot claim GST on loan payments, interest, bank, credit card & merchant fees, wages, donations, drawings, life insurance or residential rental expenses.
- **GST paid/claimed on overseas sales & purchases** – Income received from overseas and purchases made to overseas companies do not have GST (this includes flights and accommodation overseas). Therefore no payment/claim for GST can be made.
- **Not closing the GST period in your accounting system** – this means that if transactions get entered or amended in a period after the GST return has already been completed the transaction may not get included in the next GST Return.. This means an inaccurate GST Return will have been filed.

## **CAPITAL GAINS**

The Tax Working Group Report was released in February with their suggestions on how a capital gains tax (CGT) in NZ would work. The report recommends a comprehensive capital gains tax which would tax capital gains on property, shares, business assets/values, and intellectual property (IP).

Also included in the report are recommendations to increase provisional tax threshold to \$5,000, hold directors personally liable for GST and PAYE obligations, extend with-holding taxes to more of the self-employed (e.g. Uber drivers) and also discussion on corrective taxes (e.g. sugar tax) and environmental taxes.

These are suggested changes at this time, with the government set to report back in April with their views.

One intention is that any capital gains tax will only apply to increases from the time the tax is introduced (initial intention is to commence CGT from 1 April 2021).



**BOOK REVIEW**

**Buyer Beware – A New Zealand Home Buyers Guide. By Maria Slade 2017**

This book is a practical guide on how to go about buying a house. It includes what to look for in a property, what to check, how to get finance and how to complete due diligence. It covers the options of buying (including negotiation, tender and auction) legal requirements and what to watch out for.

The book is aimed at anyone looking to purchase property whether a first home buyer or an existing property owner and overall provides a good check list.

It covers different land ownership titles, what to watch out for when purchasing an apartment and explains how unit titles and body corporates operate.

There is also a section on leaky homes and what to check as well as a section on property/land classifications in Christchurch.

The book is easy to read and provides relevant advice.



**PROPOSED CHANGES TO PERSONAL TAX SUMMARY**

Inland Revenue is proposing changes to the way in which individuals file tax returns. Currently an individual can request a personal tax summary (PTS) from the IRD based on their PAYE salary/wages and interest earned from banks in order to potentially receive a refund.

The proposed changes will see this process automated, where IRD will generate a PTS for individuals, either directly depositing refunds into the individual's specified bank account or alerting the individual that they have tax to pay.

An issue may arise where the individual receives dividends or shareholders salary but the IRD have already generated the return. This may lead to you not only having to repay a refund you have received but also pay tax on the any income not recorded in the IRD's return.

If you are self-employed and currently file an IR3, these changes will not affect you and an IR3 return will still be required.

**These proposed changes come into effect 1 April 2019. If you receive any notifications from IRD regarding a tax refund or tax to pay please contact us.**

**IMPORTANT TAX DATES**

31 March	Final date to file tax returns for taxpayers (if you have a Tax agent and permitted extension of time)
31 March	Final date for ratio option 2020 Provisional Tax applications
7 April	Final payment date for 2018 Terminal Tax due
20 April	PAYE Payment Due – Payday Returns to be filed 2 days after payday
7 May	Third Instalment 2019 Provisional Tax due (March Balance Date) GST payment due (2 and 6 monthly for March 2019)
20 May	PAYE Payment Due – Payday Returns to be filed 2 days after payday
20 June	PAYE Payment Due – Payday Returns to be filed 2 days after payday
28 June	Third Instalment 2019 Provisional Tax due (May Balance Date)



**JOKES**

What's the difference between a hippo and a zippo?  
One is really heavy, the other's a little lighter.

What sound do porcupines make when they kiss?  
Ouch

What do you call a cow with a twitch?  
Beef Jerky

If you would like to discuss anything mentioned in our newsletter please contact us at:  
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