



December 2019

WHAT'S NEW IN THE WORLD OF TAX?



No more cheques for IRD

Do you send cheques for tax payments or ACC payments? It's time to go digital! From March 2020 you'll need to use online banking to make payments as the IRD and the ACC will no longer accept cheques. You will be able to pay by cash or EFTPOS at Westpac branches.

Writing off bad debt? Get your ducks in a row.

If you're expecting a tax break from writing off bad debt, you may also expect to hear from the IRD asking you to prove the debt is, in fact, bad. A new ruling means the IRD could request evidence of any steps you took to recover the debt (before writing it off) and proof there is no reasonable likelihood the debt will be paid. So, get your paperwork in order!

Holiday Closing Period

Our office will close on 20th December 2019 at 2pm and reopen in the New Year on 28th January 2020 at 8:30am.

If you require any assistance please email
howard@sawden.co.nz



To all of our clients, business associates and supporters,
we wish you a wonderful Christmas and an exciting and
successful 2020.



More than 200,000 New Zealanders and their families will benefit from the minimum wage that went up to \$17.70 an hour on 1 April 2019 — an increase of \$1.20. The starting-out and training minimum wage rates increased from \$13.20 to \$14.16 per hour (remaining at 80% of the adult minimum wage) and the Government has set indicative rates of \$18.90 from 1 April 2020 and \$20 from 1 April 2021.



In an effort to level the playing field between property investors and home buyers, a new law ring-fencing rental losses has come into effect from 1 April 2019. It means you'll no longer be able to offset tax losses from your residential properties against other income (e.g. salary or wages, or business income). However, the losses will be able to be used in the future when the properties are making profits, or if you are taxed on the sale of land. The rules generally apply no matter whether the property is held in a partnership, trust or company. Need more information? Give us a call.



From 1 April 2019 all kiwi business owners must file their pay records every payday. If you are considering employing then now's the time to work out how you're going to integrate it into your payroll processes and save time on your tax obligations.

Payday filing means you need to:

- File employment information every payday instead of an Employer monthly schedule (IR348).
- Provide new and departing employees' address information, as well as their date of birth - if they have provided it to you.
- File electronically (from payday compatible software or through myIR) if your annual PAYE/ESCT is \$50,000 or more.

Remember, the due date for payment remains the same at the 20th of the month (or 5th and 20th of the month for twice-monthly filers).

How do I payday file?

There are three ways to file electronically - direct from payroll software, file upload from myIR or onscreen via myIR.

How do I shift over to payday filing?

1. Review your payroll processes and plan and schedule when to shift.
2. Ask your software provider when they'll have payday filing compatible software (Xero and MYOB already do).
3. If you're using myIR to file, let the IRD know you're switching to payday filing in myIR.

Need to know how payday filing works for schedular payments, shadow payrolls, employee share schemes and holiday pays? Let us know and we'll talk you through it.



Soft skills are the personal qualities that make people easy to work with and they're key for business success. Here are six important soft skills and the best open-ended interview questions you can ask to help find out whether a candidate is right for your business.

Communication	Give me an example of when you had to deal with a difficult team member. What did you do to communicate properly?
Adaptability	Tell me about a time when you were asked to do something for the first time. How did you react? What did you learn?
Culture fit	What three things are most important to you in a job?
Collaboration	Tell me about a time when you had to work with someone who was difficult to get along with. How did you handle interactions with them?
Time management	Describe a time you fell behind schedule. What went wrong and what would you do differently next time?



10 SMART YEAR-END TAX TIPS

1. **Fill your drawers:** Can you stock up on stationery, postage and courier bags before 31 March? Claim now and save.
2. **Staff expenses:** If you owe employees holiday pay, bonuses, long service leave or redundancy payments, you can claim for these now — as long as they are paid within 63 days of the balance date.
3. **Can you fix it?** If you've got any significant maintenance or repairs on the cards, do it before year-end and save on tax.
4. **Turn fun into savings:** Do you know which entertainment expenses you can claim 100% of? It's worth finding out — ask us if you need clarification.
5. **Look at your fixed assets:** Do you have any you're no longer using or don't plan to use in the future? If so, you may be able to write off the book value.
6. **While you're at it, check your stock:** Look at your stock as well, especially obsolete stock. There may be an opportunity to write off some of this off as well — check with us on what could be done in this area.
7. **Income boost:** Earned a lot more this year? Consider making a voluntary provisional tax payment.
8. **Logging car use?** Remember to jot down your odometer reading at year-end and if you've kept a logbook of business and personal use, mileage and costs, good work!
9. **Home office:** It's also a good time to review what home office expenses may be available for deduction, especially your home office. We can help with calculating this.
10. **Saving time saves money!** Accountants are required to ask for information to comply with AML-DIA obligations plus the IRD may ask you, via your accountant, for extra information in relation to your EOY tax. Having your identification and tax documents collated and correct saves your accountant time. Which saves you money, so get started this week.