



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!

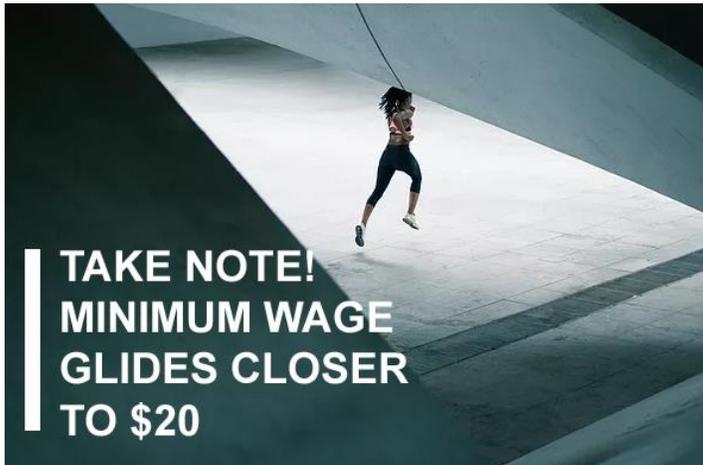
Holiday Closing Period

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.

