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NEWSLETTER

SUMMER 2019 VOLUME 24, ISSUE 1



Welcome to the twenty-fourth edition of our newsletter and the last for 2018.

I would like to take this opportunity and thank all existing and new clients for your continued support throughout this, our ninth year in business. Your custom is greatly appreciated.

Dear Reader

I hope your year to date financial figures are good, meeting or exceeding budget, and that you are reaching your business goals.

There have been challenges for business owners this year with Government changes and new regulations, IRD compliance issues, and technology changes happening at a rapid pace.

In the future I can see clients being able to file their own income tax returns from their accounting software, just as you can with GST. But of course, the end results and tax calculations are only equal to how good the information is coded correctly.

The key to having a sustainable business into the future is to keep investing in new Technology, Staff training, staying ahead of the completion, understanding the market you are in and to review & rewrite your business plan on a yearly basis.

Iona, Skye and myself wish you and your families a Merry Christmas and a Prosperous New Year to you all.

Darren Parlato

OUR OFFICE WILL BE CLOSED FROM 5PM FRIDAY 21 DECEMBER 2018, AND WILL REOPEN 8.30AM MONDAY 14 JANUARY 2019.

WORKING FOR FAMILIES—FAMILIES PACKAGE

This came into effect on 1 July 2018. **Best Start Tax Credit**—is a new weekly payment of \$60 per child. Available to eligible parents who have a baby due on or after 1 July 2018. All families receive this payment until the child turns one, no matter what the household income is. Families with an income under \$79,000 will continue to receive \$60 until the child turns three. Those earning above this amount may continue to receive payments at a reduced amount. The upper threshold is \$93,858 (for one child) when payments stop. Anyone who may be eligible will be able to apply through the SmartStart website when they register their baby's birth.

www.smartstart.services.govt.nz

Changes to Paid Parental Leave

Paid parental leave has also extended from 18 weeks up to a maximum of 22 weeks for parents with babies born or expected on or after 1 July 2018 or children under the age of 6 coming into their care on or after 1 July 2018.

Changes to WFTC—The payment rate and eligible income range for Working for Families is also changing. There will be higher payment rates and widening of the eligible income range.

GST OCTOBER/NOVEMBER 2018

Just a reminder that this period's GST payment is due on **15 January 2019**. For those clients who's GST returns we complete, we would like to finalise your GST return before we close for the Christmas and New Year period, so that you know how much (if any) GST you have to pay well in advance of this payment date. This will also assist with cash flow planning.

FOOD AND DRINK EXPENSE CLAIM

Food and drink provided away from your business premises is only 50% deductible.

Example Sarah invites a supplier to a business lunch at a local restaurant and pays the bill, which comes to \$60. She can claim 50% of the cost (\$30) in her income tax return.

Gifts of Food and Drink Gifts of food and drink that will provide a private benefit to the recipient and a business benefit to the taxpayer are only 50% deductible.

Example John, a real estate agent, sends a gift basket containing a bottle of wine, some cheese and various household items, such as tea towels and soaps to the purchaser. He can deduct the full cost of the tea towels and soap but he can only deduct 50% of the cost of the wine and cheese.



2019 2ND PROVISIONAL TAX PAYMENT— DUE 15 JANUARY 2019

We have sent out the 2nd provisional tax notices to those clients who are required by IRD to pay their 2nd instalment. Please contact me if you think you may have difficulty in paying this instalment. I realise that the GST payment for the period ending 30 November 2018 is also due on this date.

If there are any clients who think or would like to make a voluntary provisional payment, please contact our office.

2018 Terminal Tax is due 7 April 2019.

RESIDENTIAL RENTAL

We remind you: As soon as a tenant vacates your house and you switch the house to personal use, repairs and maintenance become non tax deductible, regardless of whether damage to the house has been inflicted by the tenant. It therefore follows, as soon as you make your house available for renting, maintenance costs of the property become tax deductible.



Our staff are Xero Certified Advisors, and MYOB Banklink Certified Specialist.



EMPLOYING CASUAL STAFF OVER THE HOLIDAY PERIOD

With the holiday period approaching, we thought it timely to remind you about your obligations if you employ students or casual staff over this period.

Like any new employee, students or casual staff need to complete a Tax code declaration (IR330) form that includes their IRD number and tax code.

KIWISAVER If you hire employees on a temporary contract for less than 28 days, you do not have to enrol them for KiwiSaver. However, if they want to join KiwiSaver, or they are already a member and they want you to make KiwiSaver deductions, they must give you a KiwiSaver deduction form (KS 2)

HOLIDAY PAY OVER CHRISTMAS & NEW YEAR

We can be of assistance here if you are not sure how to calculate holiday pay entitlements.

Christmas Day and Boxing Day fall on Tuesday and Wednesday this December, so these days are statutory holidays for those employees who would normally work on these days.

IRD PAY DAY FILING

Pay Day filing is when you will send IRD your employment information (the pay details of your employees) with your normal pay cycle.

The date in which you pay your PAYE remains the same—20th of the following month.

Pay Day filing is currently voluntary, however becomes compulsory from April 2019.

You will need to provide IRD with employee details for any new and departing employees. This includes your employees start and end date, contact details and date of birth.

File electronically—You will need to file your information within two working days after the payday.

If you file via paper—You will need to file your information within ten working days after the payday (this option is only available from April 2019)

OFFICE HOURS

8.30am–5.00pm

Closed 21 Dec 2018

Re-open 14 Jan 2019



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KEEPING RECORDS FOR TAX RETURNS

With increased IRD audit activity, it's important that you keep accurate and complete business receipts for completing income tax returns to support your claims. I suggest that you keep all business receipts/invoices in month order, file all statements and loan statements in date order. For any expenses \$50 and over, you must have a tax invoice.

Your records can be kept electronically but they must be backed up!

You need to keep records for at least seven years.

I also recommend that you operate a separate business bank account from your own personal bank accounts. This way, all business income and expenses are received and paid through the one account.

ANTI MONEY LAUNDERING AND COUNTERING FINANCE OF TERRORISM ACT 2009.

The Anti Money Laundering and Countering Finance of Terrorism has extended to Accounting practices. Our AML compliance program will set out how we are going to have to detect and manage these risks. And on an ongoing basis we are going to have to verify the identity of our clients before we provide services. This may include asking for information about where money came from.

Some of the information we are going to seek will include the clients name, birthdate and address, perhaps obtain a copy of your passport, drivers license or bank card together with a bank statement and perhaps a utility bill in order to verify your address.

In addition we have to provide the Police Financial Intelligence Unit with information if a client wants to conduct a transaction that is \$10,000 or more in cash, or an international wire transfer of \$1,000 or more. And if we identify any suspicious activities we must also report them.

MOTOR VEHICLE REIMBURSEMENT

KILOMETRE RATES FOR SELF-EMPLOYED PEOPLE & EMPLOYEE

Use the kilometre rates to calculate the cost of using your motor vehicle for business purposes and your private vehicle for work purposes. Employers can use the 76 cent rate to calculate the tax-free reimbursement amount for employees work-related motor vehicle usage in the 2018-19 income year.

Vehicle Type	First 14,000 kms	After 14,000 kms
Petrol or Diesel	76 cents	26 cents
Petrol Hybrid	76 cents	18 cents
Electric	76 cents	9 cents

Disclaimer

This newsletter has been carefully prepared but has been written in general terms only and therefore should not be relied upon to provide specific information without also obtaining professional advice of each particular situation.

NO BANK ACCOUNT NUMBER, NO REFUND!

IRD have indicated that in the very near future, any refunds due, will only be paid by direct credit to the taxpayer. Therefore if you are due a refund and IRD do not hold a valid bank account number for you, your refund will not be released. Please advise us or IRD of your bank account number.



TAXING SCHEDULER PAYMENTS MADE TO CONTRACTORS

If you pay a contractor for work under a scheduler payment activity, you must deduct tax from their pay. You will find the scheduler payment activities on page 3 of the Tax rate notification for contractors (IR330C)

WHAT ACCOUNTING SOFTWARE IS BEST FOR MY BUSINESS?

This depends on a number of factors, such as:

- * Do you invoice clients
- * Carry stock on hand
- * Are GST registered
- * An Employer



There are a range of software products and pricing in the marketplace: e.g. Xero, MYOB, Banklink, Quickbooks

Please contact us to discuss what product would best suit your business.

LOG BOOK—SELF EMPLOYED

You can also work out the business use of your vehicle by keeping a logbook for at least 90 consecutive days. After 90 days you can work out the average proportion of business to private use of your vehicle. The logbook term is up to the three years, provided variance of business use is less than 20% of the logbook representation.

The log book must record the:

- Start & end date of the 90-day test period
- Vehicles odometer readings at the start and end of the test period
- Distance of each business journey
- Date of each business journey
- Reason for each business journey
- Any other detail that we may ask you for

