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Welcome to the twenty-fifth edition of our newsletter and the last for 2019.

I would like to take this opportunity and thank all existing and new clients for your continued support throughout this, our tenth 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. From financial figures that we do regular GST Returns from, there have been mixed results. Some businesses making more profit, some making less, depending on what industry they are in.

From a tax point of view, I personally would like to see the income tax bracket increase next year or 2021. My thoughts—up to \$20,000 at 10.5%, up to \$60,000 at 17.5%, up to \$100,000 at 30%, and over \$100,000 at 33% tax rate.

Lower company tax to 25% - Encourage people to invest & be rewarded. I'd like to see less government compliance put on to business owners. Would like to see a new government department set up solely for small business owners.

The key to having a sustainable business into the future is to keep investing in new Technology, Staff training, staying ahead of the competition, 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 20 DECEMBER 2019, AND WILL REOPEN 8.30AM MONDAY 13 JANUARY 2020.**

### Landlords—Updates to the Residential Tenancies Amendment Act.

### GST OCTOBER/NOVEMBER 2019

Just a reminder that this period's GST payment is due on **15 January 2020**. 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.

### 2020 2ND PROVISIONAL TAX PAYMENT— DUE 15 JANUARY 2020

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 2019 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.

**2019 Terminal Tax is due 7 April 2020.**

**Tenant liability for damage:** If tenants (or their guests) damage a rental property because of careless behaviour, the tenant will be liable for the cost of the damage.

**Insurance statement:** Landlords must provide a statement in any new tenancy agreement about whether the property is insured.

**Contamination of premises:** Landlords can now test for methamphetamine in rental properties while tenants are living there.

**If you collect rent, you're running a business and must comply with residential rental property rules.**

#### All rental homes will be required to:

- Have a heater that can heat the main living area to 18c
- Have ceiling and underfloor insulation that either meets the 2008 Building Code insulation standard or has a minimum thickness of 120 millimetres.
- Have extraction fans or rangehoods in kitchens and bathrooms.
- Install a ground moisture barrier in enclosed subfloor spaces.
- Have adequate drainage and guttering to prevent water entering the home.



#### Ring-Fencing residential rental property losses

The rules are effective from the beginning of a person's 2019/2020 income year. This means these rules will apply for the current income year and may result in more taxable income for those who have previously used their residential rental property losses to offset against their own income (e.g employment income). Instead, residential rental property losses can only be used to offset against "residential income" earned in the year and any excess will be carried forward to the next income year.



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# Parlato & Associates Ltd



## IRD UPDATES

### Changes to reporting investment income:

Anyone who provides benefits or payments in the form of interest, dividends, PIE income, taxable Maori authority distributions or royalties should be aware of these changes. For example, from April 2020 more frequent reporting of investment income in an electronic format will be compulsory.

### We're moving on from cheques

From 1 March 2020 IRD will no longer accept payment by cheque, or cheques dated after 1 March 2020, from customers who are able to pay another way e.g. by Internet Banking.

### Trade Marks: Do you own your brand?

A great brand can set your business apart from the competition. But if you haven't taken steps to protect your name, slogan or logo, they may not be yours. Check them now with a free online tool.

Trade mark protects your logo, name or brand. It could involve words, logos, shapes, colours, sounds, smells or any combination of these.

Registering a Trade mark gives you and your business exclusive rights to use the brand in New Zealand. It also discourages others from using or copying it.

Protection can last forever if you renew it every ten years.



*REGISTERING YOUR BUSINESS WITH THE COMPANIES OFFICE OR BUYING A WEBSITE ADDRESS DOES NOT GIVE YOU TRADE MARK RIGHTS*

### How to get protected

The Intellectual Property Office of New Zealand (IPONZ) has released a free and quick online tool, called Trade Mark Check.

## IRD—Investigations/Compliance

IRD are looking hard at tax crime in the construction industry.

IRD will be contacting trade's people in the next few months to encourage them to declare all of their income through their GST and income tax returns.

We're reminding clients that undeclared cash jobs can have negative consequences. They can result in tax penalties, a criminal conviction that could affect their ability to contract for work, and even prison time.

### So clients need to:

- Have accurate and full record keeping systems.
- Making sure you are charging GST if you are GST registered for it.
- By asking clients directly whether they have cash jobs to be declared when we request their financial records.



### OFFICE HOURS

8.30am—5.00pm



#### 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.*

## Trustees Role

The New Zealand Trusts Act 2019 comes into force from 30 January 2021. These are the major changes.

- Trustees must inform all beneficiaries of the trust that they are beneficiaries and that they can request information about the trust.
- At least one trustee needs to hold all the core documents and records of a trust and keep them updated.
- The maximum duration of a trust (the perpetuity period) has been extended from 80 years to 125 years.

### Trustee Duties:

- Know the terms of the trust
- Act in accordance with the terms of the trust
- Act honestly and in good faith
- Act for the benefit of beneficiaries or to further the permitted purpose of the trust
- Exercise powers for proper purpose

### Default Duties:

- General duty of care
- Invest prudently
- Not to exercise power for own benefit
- Consider exercise of power
- Not to bind or commit trustees to future exercise of discretion
- Avoid conflict of interest
- Duty to be impartial
- Duty not to profit
- Trustee must act for no reward
- Trustee must act unanimously

## Kiwi saver Funds & Investment Funds

Check your PIR or PIE tax rate is correct with your Kiwi saver provider or Investment fund.



The table below details requirements for each PIR. You need to work out your income for each of the last two years. You can then choose the lower PIR for the current year.

Taxable income was:	PIR
\$14,000 or less	10.5%
\$48,000 or less	17.5%
All other cases	28%

### Non-Residents

Non-resident investors that do not invest in foreign PIEs have a PIR of 28%

### Non-individual tax residents

Investments held by companies, incorporated societies, charities or PIEs have a PIR of 0%.

Trusts can often choose a PIR to suit their beneficiaries