



Bryce Smith &  
Associates Ltd  
CHARTERED ACCOUNTANTS



## SUMMER 2014 NEWSLETTER

# Inland Revenue – When do I pay?

**Reminder that new tax payment changes came into force on 1 October 2014.**

### Paying by cheque at Westpac

Westpac will no longer accept your cheque payment or returns and forms. You can still pay at Westpac though by:

- cash and eftpos
- online banking
- credit/debit cards
- international money transfers

### Posting cheques and returns - get the timing right

From 1 October all cheque payments and returns must reach Inland Revenue on or before the due date to avoid interest and late payment penalties. Our advice is that if you prefer to keep making payments by cheque, consider potential delays when posting your payment to Inland Revenue. NZ post recommends

you allow 3-4 working days for delivery from cities and towns and 5-10 working days from rural areas.

### Online payments

Paying on-line removes the postal delivery delays if you pay through your bank's website. Login and use their tax payment service. Your payment will show up on your bank statement straight away. It is quick and easy and you can make payment up to, and on, the due date. If you haven't done this before but want to start, we can walk you through it.

### Weekend due dates

We are often asked if a payment date falls on a weekend when will the payment be required to be made to the Inland Revenue? If a due date falls on a weekend or a public holiday (including a provincial anniversary day), Inland Revenue will accept a payment as being on time if it is received the next working day

## Tax on Christmas presents and parties

Christmas is fast approaching so if you're holding a Christmas function or giving gifts this Christmas here is a refresher on the deductibility for you.

### Tax deductible party and entertainment expenses

If you provide your employees, clients and suppliers with any of the following items you can only deduct 50% of the cost because they're counted as 'entertainment expenditure'.

#### Entertainment expenses that are 50% deductible include:

- corporate boxes, corporate marquees or tents, and similar exclusive areas (whether permanent or temporary) at sporting, cultural or other recreational activities that take place away from your business premises, this includes tickets or other rights of entry
- pleasure-crafts, such as a corporate yacht
- food and drink provided or consumed
  - » at any of the two types of entertainment above, such as alcohol and food provided in a corporate box
  - » away from the taxpayer's place of business – like a business lunch at a restaurant

- » on the taxpayer's business premises at a party, reception, celebration meal, or other similar social function – like a Christmas party for all staff, held on the business premises
- » at any event or function, on or away from your business premises to build staff morale or goodwill, such as Friday drinks at the pub

### Tax deductions on gifts for employees

If you give your employees a gift you can claim the full cost as an expense, as long as it doesn't fall within the business entertainment rules, but you may have to pay FBT. You won't have to pay FBT on the gift if it's less than the general employee exemption and maximum employer exemption.

If you file your FBT returns quarterly there's a \$300 exemption per employee per quarter if you provide free goods, or subsidised or discounted goods and services. If the value of the benefit for an employee goes over \$300 for a quarter, you must pay FBT on the full value of the benefit.

*Let us know if you are unsure as to how much you can claim or if you are giving large gifts and are unsure.*

## Inland Revenue – When do I get my refund?

If you are receiving a refund it can seem a long time after your initial “woohoo” that the payment arrives. This is because the IRD has standard processing times that they tend to follow for large refunds in particular and also because the IRD will not issue a refund until the tax return has been processed by them.

### Standard processing timeframes for different tax or return types that are listed below:

#### Request a Personal Tax Summary (PTS)

5-10 working days

#### Refund from confirmed PTS

5 working days (direct credit)

8-10 working days (by cheque)

#### Refund under \$200 from unconfirmed PTS

30 days

### Other types of refunds

IR3 (Individual tax return) – Including Working for Families Tax Credits - 10 weeks

Tax credit claims - 4-6 weeks

## Parental leave

On 1 July 2014 the rates for paid parental leave increased. If you're self-employed or an employee and eligible for paid parental leave, you may receive up to a maximum of \$504.10 a week before tax. If you're self-employed and make a loss or earn less than the minimum wage, for at least 10 hours work a week, the payment is \$142.50 each week before tax (equivalent to 10 hours each week at the current minimum wage rate).

*If you'd like a fact sheet on your obligations as an employer or on Paid Parental Leave for self-employed people, please contact us.*



## GST

### Latest changes to GST

A raft of amendments to GST came through in June, clarifying grey areas and closing loopholes from some of the major changes of the last few years. In broad brush, these include:

- a new wash-up rule in the GST apportionment rules applies when use of an asset changes to 100% taxable or 100% non-taxable use when usage has previously been split between private and commercial use. Depending on the change, there may be output tax to pay back
- the definition of 'hire purchase agreement' now includes any contract with an option to purchase, this will affect how assets purchased using Flexirent agreements are treated
- non-profit bodies can claim all GST input deductions other than those relating to the making of exempt supplies

*Please contact us if you'd like to run through whether the changes affect you.*

## Second hand goods purchased – reminder on making a GST claim

If you have bought something second hand for your business from someone who isn't GST registered, such as an asset, you can claim a second hand goods GST credit. With online shopping becoming more popular, especially through online auction sites, it is common for items to be purchased from a non GST registered vendor that will be used in the business, for the purpose of making taxable supplies.

You will need to ensure you keep details of who you paid, when and what was purchased, if you don't receive a tax invoice from the vendor, and payment must have been made before the GST can be claimed. Also there are exclusions for certain items such as primary produce or livestock and if you are buying from an associated person there are extra rules around the value of the item.

*Let us know if you have bought any second hand goods and think you are entitled to claim the GST back.*

## Keep in touch...

For further help on any of the articles featured in this newsletter or any other tax questions you may have feel free to contact either Bryce, Hayden or one of the team members.



## Cyber attacks are you prepared?

We have been informed that instances of cyber attacks on businesses has increased in recent months through "Ransomware", a type of malware that slips onto your system and goes to work quietly encrypting every data file - on every hard disk or network share within reach - to make them unusable.

Then it pops up a notice (cryptolock-ransomware) saying that you must pay a ransom (usually a few hundred dollars) within a limited time (usually a few days) or your data will remain locked up forever!

The safest way to ensure that your data is protected and you can get up and running again, if this happens to you, is to have a good backup program in place. It also pays to ensure that you have a recent backup stored offsite, should fire or natural disaster prevent you from accessing your workplace.

*We don't purport to be computer experts, but we have a plan in place for our business and would be happy to assist with this area.*

## .nz Domain Names are here

From the 30th of September this year a new .nz domain name was released.

The change means that 'second level domains' like .co.nz or .net.nz will be optional and your website address could now simply be 'your name'.nz

If you have a website for your business then it might be important that you protect your brand by registering for the new domain. We recommend that you contact your IT provider to discuss if this will affect you and if you need to register for a new .nz name.



## The 'Push' to online

We are aware of the push by government agencies in particular to have people filing and paying online. Gone are the days of branches and helpful staff, everything is now being pushed into the cloud and becoming faceless.

We are aware that not all people have access to a computer and therefore can often find it difficult to make payments, complete returns or applications as they are required too.

*If you don't have a computer or need assistance with the online processes please feel free to contact us and we will see if we can help.*



We all wish you a safe and happy Christmas and New Year season.

We close for Christmas on Tuesday 23 December 2014 and reopen on Monday 12 January 2015.

You can reach Bryce by email [bryce@brycesmith.co.nz](mailto:bryce@brycesmith.co.nz) or Hayden at [hayden@brycesmith.co.nz](mailto:hayden@brycesmith.co.nz) or 021 055 1054.

**Please contact us or one of the team if you have any questions and thank you for your support over the past year.**

*Bryce*  
Bryce Smith

*Hayden*  
Hayden Belton

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