

# IRD CHANGES

## Cheque Usage

Inland Revenue are encouraging tax payers to use online methods for payments and refunds. Online banking is now very straightforward and smart phone apps even easier.

For payments - they still currently accept cheques as a payment method. If you use cheques to pay your tax, please ensure you date it appropriately and allow enough time for it to be received by the due date.

We recommend you get in touch with Inland Revenue and confirm they have your correct bank account details. This will enable faster handling of any refunds, as this is their preferred method.

## ir-File & myIR Changes

Inland Revenue discontinued the ir-File system on 11 March 2019. This has paved the way for an updated system to incorporate many legislation changes. If you were filing your PAYE online using the ir-File service in myIR, you will now find this in the "Payroll Returns" account in the "My Business" section of myIR.

If you have staff as users linked to your myIR account, you may need to delegate access to them.

## Payday Filing

If you are having any issues with this please contact us.

We have had lots of experience helping our clients get this sorted.

## End Of Year Income Tax Process For Individuals

Legislation for a new way of finalising end of year income for individuals has now been passed (this applies to those whose only income is from salary, wages or investment income). Inland Revenue no longer issue Personal Tax Summaries, and instead will issue an Income Tax Assessment Notification from the 2019 year. If you have paid too much tax, a refund will be issued to your bank account - as Inland Revenue will no longer be issuing refunds via cheque. If you haven't paid sufficient tax, you will have a range of payment options available including payment plans. You will generally have until February the following year to pay any tax owing.



WINTER 2019

## HIGHLIGHTS

Budget Announcement  
Healthy Homes Standards  
Claiming Mileage

## "Off the Cuff"

In this newsletter we deal with some of the changes happening as a result of the budget, although all rather boring from a tax perspective. Following on from the new insulation standards which came into force on 1 July, we now have Healthy Homes standards for rental properties to comply with, which covers ventilation, moisture, drainage, draughts and heating. All up, rental homes will be better than many owner-occupied homes. If this all looks too difficult just change to Air BnB as there are no standards for these, seriously! Farmers please note this as I think many farm houses may not be compliant.

There have also been a number of employment law changes. The rest and meal breaks provisions are especially difficult for small employers to comply with when a position could be sole charge on certain days or times.

Just an aside about minimum wage rises. We have noted that many businesses are being squeezed by rising wage rates, but with little increase in selling prices, the business profit margin is being eroded. Make sure you review staff effectiveness and cut staffing hours where you can.

By the time you read this the Westland Milk Product vote will have been decided. I think farmers have been left very little option, not caused by the current band of directors, but by past directors. Like many farmers I have concerns as to what this will mean in the future, particularly for those suppliers who do not have a choice of processors.

Happy reading

## Joke

A mum texts, "Hi! Son, what does IDK, LY, & TTYL mean?" He texts back, "I Don't Know, Love You, & Talk To You Later." The mum texts him, "It's ok, don't worry about it. I'll ask your sister, love you too."

## CUFFS ON FACEBOOK

Like our page at [cuffsaccountants](https://www.facebook.com/cuffsaccountants)

We regularly post useful information and happenings on our page.



# MOVING TO AN ONLINE CASHBOOK

MYOB have announced that this is the last year that you will be able to use their classic cashbook. This means that if you're using this, you'll need to move to an online system no later than the start of your 2020/2021 tax year.

The two we recommend are Xero and MYOB Essentials. These both have automatic bank feeds (meaning every day they update with the previous day's transactions). You can set up Bank Rules so that payments to the same suppliers are automatically coded for you. The Cashbook hasn't had an upgrade for years and has been causing a few issues for some of our clients.

While many MYOB Cashbook clients have enjoyed not paying a subscription, the online systems have monthly costs. These vary greatly depending on what the user wants and can include invoicing and payroll.

Give us a call to discuss the best option for you.



# COMPUTER BACKUPS

We know that this is a regular feature in our newsletters, but we can't stress enough how vital it is to backup your computer system on a regular basis.

Cloud Accounting systems like Xero & MYOB Essentials do minimise the risk but there are often documents, photos and other important business information stored on your computer that you'd be devastated if you lost.

We recommend that you back everything up NOW and that you do it REGULARLY!

**A very important note:** Make sure your backup device is not left inserted or attached to your computer as you may lose this too if you get a virus!





## HEALTHY HOMES STANDARDS

New standards are being proposed in regard to the following

**Ventilation** – Requiring mechanical ventilation such as extractor fans or rangehoods in Kitchens and Bathrooms

**Moisture & Drainage** – Requiring ground moisture barriers where the house has a subfloor

**Draughts** – Landlords must stop any unnecessary gaps or holes in walls, ceilings, windows, floors and doors that cause noticeable draughts, including blocking off unused Chimneys

**Heating** – Fixed heating devices must be installed capable of achieving a minimum temperature of 18°C. In most cases this will require a heat pump or a wood burner, although an electric heater may be sufficient for small apartments

**Insulation** – A new minimum thickness of 120mm will apply to existing insulation. If you recently installed new insulation to meet the 1 July 2019 deadline then you will comply anyway

It is proposed that these standards will generally come into force from 1 July 2021 with landlords having 90 days from the beginning of any new tenancy to comply. A final date of 1 July 2024 is proposed for all rental homes to be compliant. At present just keep this in mind as full details have not yet been released. However if you are doing some work, for example in the bathroom, it may be an appropriate time to put in an externally vented extractor fan.

Landlords need to ensure that where possible these costs are passed onto tenants. We see many landlords that don't review their rent levels regularly, and are out of touch with the market, which has been lifting in our area.

## Joke



## MINIMUM WAGE INCREASE

Please be aware the minimum wage increased to \$17.70 per hour from 1 April 2019. The starting-out and training minimum wage rates increased to \$14.16 per hour (being 80% of the adult minimum wage).

If you have staff on a salary, please recheck to ensure the hours they work don't breach minimum wage.

## CAPITAL GAINS TAX

Many business people will have breathed a sigh of relief when Labour announced that they won't be introducing a capital gains tax. However given their preference for there to be one, expect some tinkering with taxes. They could for example increase the period where any gain on sale of residential property that is sold within 10 years is taxed (exempting your main home.) At present this sits at 5 years.

## CLAIMING MILEAGE

In our last newsletter we covered the new rules about the different methods for claiming motor vehicle expenses. To recap, the three methods are:

- FBT Adjustment (only available for companies)
- Cost Method
- Kilometre Rate

The method that you choose must be used for that vehicle for the entire time it is owned, so it is important to make the right choice from the start. If you have more than one business vehicle you can pick different methods for different vehicles to get the best outcome.

With FBT, all expenses are 100% claimable and a 'contribution' towards running costs (normally 20% of the cost price of the vehicle) is journalled into your accounts each year.

Under the cost method, you must keep a logbook for a period of at least 3 months to work out the business use. This percentage is then applied to claim vehicle expenses, with the private portion not being claimed.

The kilometre rate results in claiming a rate per kilometre set by Inland Revenue each year. You need

to keep a logbook to justify the number of kilometres claimed.

Generally speaking, a high value vehicle that has high business use would mean that the Cost Method

would be best, whereas a low value vehicle with low business use would be more effective using FBT. An extra advantage of FBT is you do not need to keep a logbook! The kilometre rate works out best for vehicles that have low running costs.

When reimbursing an employee for using their own vehicle using the kilometre rate, the rates you should use are 79c for the first 3,500kms of business travel, and 30c/km after that (these rates apply for petrol & diesel cars, there are different rates for electric and hybrids but we haven't seen too many of those on the Coast!).

If you are looking at or have just purchased a vehicle that has both business and private use, talk to us now to make sure you get the method that is best for you.



## EMPLOYMENT LAW CHANGE SNIPPETS

### Rest & Meal Breaks

The right to set rest and meal breaks has been restored from 6 May 2019. The number and duration depends on the hours worked. E.g, an eight hour work day must include two ten minute rest breaks and one thirty minute unpaid meal break, while a four hour work day must include a ten minute rest break. Employers must pay for minimum rest breaks but don't have to pay for minimum meal breaks. Employers and employees will agree when to take their breaks.

### 90 Day Trial Period Restriction

90 day trial periods from 6 May 2019 will be restricted to businesses with less than 20 employees. Businesses with 20 or more employees can continue to use probationary periods to assess an employee's skills against the role's responsibilities, however employees will be able to bring a personal grievance against them if they think they have been unfairly treated.



## COVERPLUS EXTRA

Remember that this is more like an insurance product. As such if you haven't paid it by the due date then the policy is cancelled and you revert to the standard ACC cover. We recommend CoverPlus Extra as it is superior for many reasons. Payment plans are available so please ensure that you action these on time.

## ACC COVERPLUS FOR THE SELF-EMPLOYED

Changes are being made to how ACC invoices the self-employed. Currently they invoice in advance based on previous years earnings. This is very confusing and causes difficulties when you cease being self-employed. From 1 April 2019 ACC have reverted to invoicing self-employed customers in arrears after your tax return has been filed. That means that, unless you are on CoverPlus Extra, you will not get invoiced during the 2019/20 year. Instead this will be invoiced the following year once your tax return has been filed with Inland Revenue. This change reverts to how it was done in the past and we believe it is a much better approach.