

June 2018

News

Welcome to Marie Arbon, our new receptionist who joined us in April. Marlene has returned from her extended leave and is now working two days a week (usually Mondays and Thursdays), assisting with documentation and audit administration.

Update from the 2018 Budget

If you have rental properties, be aware of prospective changes in the tax system...

“Ring-fencing rental losses will mean speculators and investors can no longer offset tax losses from residential properties against other income to reduce their tax liabilities.”

This means people with loss-making rental properties will be paying more tax if there is a separate income source e.g. a salary.

The Government also plans to require offshore online sellers (Amazon, Strawberry.net, etc) to charge GST on their goods—however it remains to be seen how the online sellers will comply.

The Home Office

If you can justifiably say that a portion of your house is used as a business office, then you may claim a portion of your house hold expenses against your business income eg house or contents insurance, electricity or gas, rates, rent or mortgage interest. Unless you are running a large farming enterprise, you must base the percentage that you claim on the percentage of space you use as your office area. For example, you might use 10% of your house for your business files, computer and other documents.

So as an example you can claim 10% of your electricity, rates, insurance invoices as a GST claimable expense.

Log Books

You need to keep an accurate log book for at least three months, every three years in order to claim a portion of your vehicle expenses. Record the date, journey from and to, odometer readings and the reason for the trip. Be sure to also record the odometer readings at the beginning and end of the financial year, and keep your records of all your running costs. Without a log book you may claim up to 25% but as the IRD may ask for evidence, keep a log book so that your claims can be justified.

The IRD website explains it in more detail.

<http://www.ird.govt.nz/business-income-tax/>

Winter Energy Payment

From 1 July 2018, a Winter Energy Payment will be available to help with the cost of heating homes during the winter. You don't need to do anything to get this payment - if you qualify, it'll be paid to you automatically.

You can get the Winter Energy Payment if you're getting either:

- New Zealand Superannuation
- Or one of a list of benefits from the Ministry of Social Development

You can get:

- \$20.46 a week if you're single with no dependent children
- \$31.82 a week if you have a partner or dependent children.

This will be paid from 1 July to 29 September 2018.

From 2019, it will be paid from 1 May to 1 October. You don't have to pay it back. The Winter Energy Payment won't affect other payments you get and isn't considered income (for tax purposes).

Annual Accounts time...

We have passed the end of the 2017-18 financial year for most of our clients and we want your papers! The annual questionnaires are now available on our web site for you to download. Please visit <https://finnz.co.nz/resources/> for your copy to fill in and include with your papers. If you need us to post one to you please phone the office.

You may be asking whether you need to fill out a questionnaire. The general rule is that we like **all** our clients to fill one out where possible. However filling one out may be less important if you have no trading stock and there have been no changes to your assets or business operations. If you think this might be you, best to give us a call first and we can discuss your situation. Note that you will still need to provide us with all the necessary information regardless of whether the questionnaire is filled out.

New compliance rules for accountants

From 1 October all accountants will come under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009. This means that when you undertake certain transactions (like setting up a company), or if we have a higher level of involvement in your business (like operating a bank account on your behalf or acting as the registered office for your company), then we may need to do some identification checks on you.

We'll give you more detail later about what to expect.

The Team at Finnz



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