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## You spoke. We heard. We acted – *WATCH THIS SPACE!*

While you mainly see the compliance side of what we do, it's actually your success that drives us. We want to enhance your growth.

We heard when you asked for *business growth*-specific advisory services. You wanted higher profits through more leads, higher conversions, more transactions - not just by reducing costs. So we've taken action.

We've put real muscle into our Business Advisory services by investing in two things:-

1. Bringing on a dedicated and highly experienced Business Growth Strategist – Bruce Ross.
2. Complimenting his expertise with a leading-edge business growth eLearning system.

Bruce has over 15 years coaching experience with small / medium sized business owners on how to grow their businesses, themselves and their teams. His experience includes:-

- General Manager for the Entrepreneurs Success Programme (NZ's first business / life coaching programme).
- Internal performance coach for NZ Home Loans, supporting franchise owners and their sales people.
- Running his own business growth coaching business for SME's, Australasia-wide.

We're delighted to have Bruce with us and we'll be introducing him to you over the coming months. His assigned responsibility ... to help you grow your business, yourselves and your team.



## New Nationwide loan restrictions explained

You may have heard that the Reserve Bank recently announced changes to loan-to-value (LVR) ratios, impacting new home loans for owner-occupiers and residential property investors.

### WHAT IS LVR?

LVR measures the amount of risk your loan may present to the lender – the lower the LVR, the lower the risk. To calculate the LVR, the amount of the loan is divided by the value of the property, for example if you want to buy a property worth \$100,000 and you have \$20,000 saved for your deposit. The loan amount you need is \$80,000. To calculate the LVR divide \$80,000 (the loan) by \$100,000 (the property value) and the LVR is 80 percent.

### WHAT ARE THE CHANGES?

There are three key changes coming into effect from 1 September 2016. The majority of the banks have been encouraged to implement these changes as soon as possible and many of them have done so.

- No more than 5 percent of all bank lending to residential property investors will be allowed with an LVR greater than 60 percent (that's a deposit of less than 40 percent).
- No more than 10 percent of all lending to owner-occupiers will be allowed with an LVR greater than 80 percent (that's a deposit of less than 20 percent).
- Loans already exempt from the existing LVR restrictions, for example loans to construct new dwellings and 'dollar-for-dollar refinances', will continue to be exempt. **Article courtesy of Robyn Ashkettle, Broker, LoanMarket tel: 09 449 2013**

## Changes to the Residential Tenancies Act 2016

Law changes to the Residential Tenancies Act are now in force. Key information about some of the new changes:

### SMOKE ALARMS

- From 1 July 2016, new requirements apply.

It is unlawful for tenants to cause or permit any interference with, or to render inoperative, any means of escape from fire. This includes smoke alarms. The maximum fine for this offence is \$3,000.

Whilst the law changes relate to residential tenancies, similar life-saving precautions should be taken in your own homes and businesses.



### INSULATION

- All residential rental homes in New Zealand will be required to have insulation to keep a home warm in winter and cool in summer. Social housing (where tenants pay an income related rent) must be insulated by 1 July 2016 and all other rental homes by July 2019.
- Landlords are required to provide a statement on the tenancy agreement for any new tenancy commencing 1 July 2016 about the location, type and condition of insulation in the rental home.
- Installing conductive foil insulation in residential and rental homes is now banned.

### TENANCY ABANDONMENT PROCESS

- The new law introduces an expedited process for a landlord to regain possession of their rental property when the property has been abandoned.
- The expedited process for regaining possession will enable a Tenancy Adjudicator to decide the case based on evidence landlords have provided in their abandonment application. Landlords will not need to be present when the Adjudicator considers the evidence under this new process.
- The Tenancy Tribunal Application Online form has been updated to include the new expedited abandonment process.

### WILL INSULATION REQUIREMENTS FOR LANDLORDS BE TAX DEDUCTIBLE?

- This depends on whether it is replacement insulation or new insulation. New insulation is considered an improvement and as a capital expense. For most properties, the insulation investment will not be a tax deductible expense.
- We advise you to obtain an invoice detailing all the work performed, separating out the various steps involved.

## IRD INVESTIGATIONS

### *What are they looking for?*

Over the past few years the Government has been steadily increasing the budget funding for Inland Revenue investigations, with a current budget allocation of \$74 million over five years.

While the focus has been more on aggressive tax planning and hidden economy initiatives, this is also having a flow on effect with initiatives such as the basic compliance package (BCP) information requests which you may have heard of or even received.

So should you be worried at this progressive increase in scrutiny? There are a number of different reasons Inland Revenue may select you for an audit; some of the more common reasons may include:

- i) Your past compliance history (i.e. have you been filing returns and making payments on time?).
- ii) Checking your records as a result of an audit of another related taxpayer, or an unrelated taxpayer with whom you have had transactions.
- iii) Examining a particular issue facing groups of taxpayers.
- iv) Reaction to media reports.

### **Disclaimer**

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.