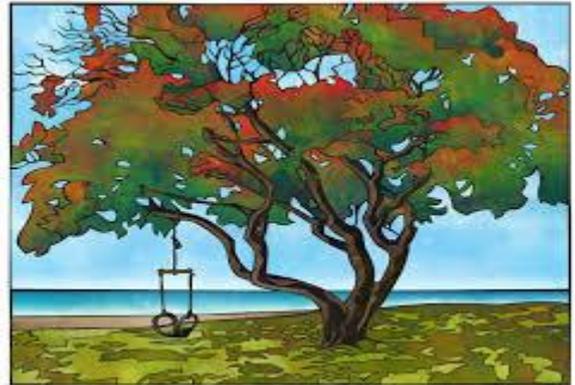


## laydoddnews Autumn 2018



### 2018 YEAR END CHECKLIST

is available from our website on 31 March 2018 at:

<http://www.laydodd.co.nz/accounting-tax-facts/auckland-tax-services/>

Please contact us if you would like us to post out your checklist.

The checklist is designed to help us limit the questions we have to ask you at a later date.

Once your records are gathered together, please make an appointment to review them with us.

### Breaking News – Bright-line Period to be Extended to 5 Years

The Minister of Revenue announced that he intends to extend the bright-line period from 2 years to 5 years. This bill is expected to be passed in March 2018.

The 5-year period will only apply to residential land where the date that the person acquires an estate or interest in the residential land is on or after the date on which the Act receives Royal assent. (March 2018)

The 2-year period will continue to apply to land where the first interest was acquired on or after 1 October 2015. In most cases, the date that a person acquires the first interest in land is the date of the sale and purchase agreement.

We remind clients that the bright-line rules are complex and unforgiving. We have seen many recent examples where clients are taxed under these rules – a situation which could easily have been avoided by some careful tax planning.

Below is an example:

**QUESTION:** *A client's late partner gifted his rental property to her and transferred it into her name in June 2016. He was terminally ill and wanted to do it prior to his passing away (which happened soon after this – quicker than they thought). I believe they'd been together for some time and he'd owned the property for a number of years. She has now sold the property and is intending to return to Australia. Is this property caught under the two-year rule and if so, given it was gifted, would the capital cost of acquiring the property be nil or could the valuation at the time be used?*

**ANSWER:** Property gifts are caught by the bright-line test. For gifts, the date for the bright-line period is the date the person makes the gift of the residential land. This will be the date when the donor has done everything necessary to transfer the property and render the settlement binding.

The gift should have been completed at market value.

### HEAT ON LANDLORD FOR NOT HAVING SMOKE ALARMS

The Tenancy Tribunal has ordered an Auckland landlord to pay \$2,000 in exemplary damages for failing to have smoke alarms installed in accordance with the Residential Tenancies Act and Regulations. The landlord has been restrained from committing the same unlawful act for six years or will face further legal action. This outcome serves as a strong reminder to all landlords that failing to comply with tenancy laws will not be tolerated.



## AUTOMATIC EXCHANGE OF INFORMATION (AEOI)

### *If you are holding overseas investments – be aware*

New Zealand is one of many jurisdictions that has committed to a global initiative led by the OECD on the automatic exchange of financial account information.

#### **What does this mean for you?**

If you are New Zealand tax resident and hold an account with an offshore financial institution they will ask you to confirm where you are a tax resident. Once you declare to them that you are a New Zealand tax Resident then they will share information about those accounts with Inland Revenue.

#### **Data to be exchanged with other jurisdictions globally:**

- ◆ All investment income (including disposals)
- ◆ Account balances
- ◆ Tax identification numbers TIN
- ◆ “controlling persons” for passive entries

This information is required by law to be collected by financial institutions around the world for reporting to tax authorities.

New Zealand is a “late adopter” and the first reports due from NZ financial institutions in mid-2018.

#### **List of countries signed up to exchange information:**

<http://www.oecd.org/tax/automatic-exchange/commitment-and-monitoring-process/AEOI-commitments.pdf>

## HEALTH AND SAFETY – EMPLOYEE WELFARE



**Engage** is a simple to use worker management tool that's really making a difference to the way businesses operate. **Engage** combines all aspects of your health and safety practices and connects this with uniform management, e-procurement, training, licencing, assets, HR functions and captures all associated documentation.

This focuses on usability and practicality delivered through an easy to use web interface.

**Engage** not only provides you with a holistic view of your entire workforce, it can also help you:

- Sharpen your budgeting
- Reduce your liabilities
- Minimise your risks
- Improve your compliance

The package:

- Ensures your workers have the correct gear, training and health checks
- Ensures acknowledgement of your policies
- Provides detailed spend against a worker
- Dramatically reduces your admin overheads
- Provides a simple real time reporting tool

If you think this tool may be of benefit to you and your business, please contact:

**ENGAGE SOLUTIONS** [www.engagesolutions.co.nz](http://www.engagesolutions.co.nz) PHONE +64 9 925 0453 JACKIE ANDERSON



### **7 APRIL TERMINAL TAX INSTALMENT REMINDER**

2017 Terminal tax is due no later than **Monday, 9 April 2018** being the next working after 7 April.

We will be sending out emails / letters to applicable clients on 26 March 2018.

If there is any difficulty in meeting the payments, please get in contact with us.

### **WHAT DOES IT MEAN TO BE CUSTOMER-FOCUSED?**

*“If you build a great experience, customers tell each other about that. Word of mouth is very powerful.”*

*-Jeff Bezos, Founder of Amazon, predicted to become the world's wealthiest individual*

### **Disclaimer**

This publication has been carefully prepared, but it is 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.