

laydoddnews

SEASONS GREETINGS 2018

Our office will be closed
from 12.00 pm on
Friday, 21 December and
will re-open on
Monday, 14 January 2019

**Our warmest wishes for the
New Year**



We're here to help!

We have been made aware of clients being contacted directly by IRD for onsite meetings at clients' business premises. The meetings are set up under the guise of "we're here to help".

The meetings are not audits, but we know of situations where the meetings have lasted for more than an hour where the IRD staff have asked questions about operations as well as drawing comparisons on business performance from the past 10 years, feeling more like an interrogation than a friendly chat. In some cases, the IRD staff haven't been particularly friendly and have come across quite heavy handed. The meetings have been more of a "fishing expedition" than "we're here to help".

What is of more concern though is that tax agents have been left out of the loop by IRD about the meetings. We understand IRD staff have been directed to go straight to clients and not notify tax agents.

We do not consider it is appropriate that IRD contact clients directly without informing their tax agents about a visit.

We also want to remind clients that these types of meetings are voluntary. Clients have every right to reject IRD's proposal for these meetings if it's not convenient for them. It is also totally acceptable to ask IRD staff to contact us first.

You should also remember that under section 6A of the Tax Administration Act 1994, it is the duty of the Commissioner and her representatives to "collect over time the highest net revenue that is practicable within the law". So, don't be fooled – IRD are not there to help our clients.



Here to help

PAYDAY FILING

Payday filing will become mandatory for all employers from 1 April 2019.

Every time you process a pay run you will be required to send the employee pay information to IRD within two working days of each payday.

In addition, if your annual PAYE/ESCT is \$50,000 or more you must file electronically (either from compatible payroll software or through myIR). We recommend filing electronically anyway for the convenience it provides.

IRD have more information on payday filing as well as videos and guides on their website.

<https://www.ird.govt.nz/campaigns/2018/campaign-payday-filing.html>

"It's time to switch
to payday filing"





Ringfencing of Rental Losses

A bill that will introduce ring-fencing of tax losses for rental properties has been introduced to Parliament and will likely get its first reading on 12 December.

The proposed changes will mean that investors with residential properties will no longer be able to offset tax losses from those properties against their other income.

The losses can be used in future years, when the properties are making profits, or if the person is taxed on the sale of land.

The default will be for losses to be ringfenced to be offset within an investor's property portfolio but they can opt to do it on a property-by-property basis instead. This includes any overseas properties held as rentals.

The rules would not apply to a person's main home or mixed-use property (e.g. holiday homes) which are sometimes used privately and sometimes rented out.

If the bill passes as is, there will be very little time to react. The changes are proposed to apply from 2019/2020 tax year and will not be staggered or phased in.

You can find more information on the IRD's policy page:

<http://taxpolicy.ird.govt.nz/publications/2018-ip-ring-fencing-losses/overview>

DINNER DISCUSSIONS: WHY THEY ARE IMPORTANT

Successful succession: The next generation

While family-owned businesses last longer than private businesses, making sure a business survives for future generations is tricky. Only 30% of family businesses make it through to the second generation and only 12% make it through to the third generation.

As baby boomers retire this is likely to become a bigger issue for many family businesses. Stats NZ figures suggest up to a quarter of business owners could look to leave their businesses in the next 10 years.

That is why conversations about the future of a family business are so important – even when the future seems a long way off.

Key talking points

There are four key things every family business should be thinking and talking about.

1. If families don't already have a clear plan for the development of the next generation as well as clear transition plans for the current generation, it is strongly suggested that this be a point of discussion.

Establishing what role the founder will take in the future, and how this could work with a new generation at the helm is important.

One rule which must be followed with all family businesses is 'no surprises'. Talk to the next generation. Tell them what you want. Find out what they want and have the conversations you need to have well before you are forced to have those conversations.

2. Talk about family governance – about the strategic issues, rather than the day-to-day running of the business. Talk about family charters, shareholder agreements, wills and succession plans, and make sure they match and support the business governance too. If business governance isn't sorted yet, that needs to be done too.
3. Keep things fair. Fairness is critical in family business, and it needs to be discussed and negotiated between family members – don't under estimate how much people are monitoring this.

Remember, while some members of your family may irritate the heck out of you – you probably do the same to them. This is family – you know better than anyone else so be patient, be forgiving and be kind, especially at Christmas.



October / November 2018 GST Returns

Please remember that GST payable for the October / November 2018 period must be paid to the Inland Revenue by the **15th January 2019**.

For those clients whose GST returns we calculate, for us to have your GST liability calculated in time, we must have your records in

this office **no later than Monday, 17th December 2018**.

PROVISIONAL TAX

INSTALMENT

REMINDER

The second instalment of provisional tax is due on **15th January 2019**. We will be sending out reminder notices on 17th December 2018 to applicable clients.



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.