

TAXING TIMES

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AML/CFT

Since 1 October 2018, Accounting firms throughout NZ have been required to comply with The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act). The Act requires accountants to verify the identity of our clients and their residential address, which explains the reason we have been requesting these off you. The best verification we can have is a copy of your Passport and/or Driver's Licence and a copy of a utility bill. This is regardless of the history and duration our client has been with us.

Through this exercise, we have discovered that a few clients did not actually have a Passport and/or a Driver's Licence and had great difficulty proving their residential address because their rates, power & telephone accounts were emailed rather than posted or had a postal box number. In cases like this, a Statutory Declaration had to be made to verify their identity and our clients had to pop into the Bank to obtain a bank statement, which showed their address.

Receipt Bank

In January 2019, we partnered with Receipt Bank, to provide another great solution for a more automated bookkeeping workflow, to free up time for you to do the things you love.

The Receipt Bank Group was founded in 2010, and it was the first software company to automate the collection and data extraction of receipts and invoices meaning that you can now benefit from reduced costs, effortless bookkeeping and real-time accounting. It allows you to upload your business receipts, invoices and expenses to us quickly and easily via photo on a mobile app downloaded to your smart phone, and/or via personalised email @receiptbank.me.

Benefits:

- Claim every expense – no more lost receipts/tax invoice, just snap it and you're done!
- Minimal manual data entry – the AI-powered systems extract necessary data from your receipts.
- Secure cloud storage – storing paperwork with the secure online filing cabinet.
- No more trips to your accountant to hand in physical copies of receipts/invoices.
- On-the-go bookkeeping via your mobile phone or remote submissions from your laptop.

How does it work



As easy as **1, 2, 3:**

- 1) **Instant receipt capture** - snap your receipt with our app, or forward the invoice to your unique Receipt Bank email address.
- 2) **Automatic receipt scanning** – the smart technology extracts the key information from receipts and invoices, including supplier, data and amount.
- 3) **Cloud publishing** – review the data, and publish to your cloud software, or export as a CSV, and share the data with us to streamline the year-end preparation process.

If you would like further information, a live demo or workshop, please give us a call now!

Residential Rental Loss ring fencing

From 1 April 2019, losses incurred from residential rentals will no longer be allowed to be offset against other income. The rental losses are 'ring fenced' and

are carried forward to be offset against future rental profits. For years, residential property investors have been able to use losses on rental properties to offset their personal tax.

The rules are quite technical and we will apply these rules on a case by case basis.

Bright-Line Test on Properties

The Bright-Line Test has been extended from 2 years ownership to 5 years, effective for properties acquired after 28 March 2018. Therefore, there will be tax on profits from the sale of any residential property, which is not the family home. This is effectively a form of Capital Gains Tax. One of the key exclusions is the 'main home'. Main home is defined as a dwelling used predominantly as a place of residence or abode. IRD considers this to mean the owner must have resided in that property for more than 50% of the time whilst it was owned and had occupied more than 50% of the area of the house.

Foreign Investors – Residential Properties

All residential land is now classified as "sensitive land" and subject to purchase restrictions placed on overseas persons. Overseas persons who qualify to live in New Zealand, and do actually live here, can freely buy residential property, whether that's a home to live in, or to hold onto and rent out. These people can buy one home, or several without restriction.

Overseas people who qualify to live in New Zealand, but don't live here, cannot buy a residential property to rent out. They can apply to the Overseas Investment Office to buy a home only if they are going to live in it.

There are exceptions for Australian and Singaporean citizens, who just like New Zealanders, can buy residential properties without restriction regardless of where they live, including investment properties to rent out (provided the land is not also sensitive for other reasons).

There are some other investment property options for overseas persons:

- apply for consent to buy an apartment off the plans in a large multi-storey development of 20 or more units, to do as they wish.
- buy an apartment, off the plans, from a large development that has an exemption certificate without needing consent. The certificate allows the developer to sell up to 60 percent of the units to overseas people. Overseas people can't live in these, but they can hold them as an investment or on-sell.

- buy apartments off the plans from a large development that has a transitional exemption certificate, without needing consent. These apartments were underway before the new regime came into force and all of the units can be sold to overseas people. The overseas person can live in these or on-sell as they please.
- buy a hotel room and lease it back to the operator without needing consent. The overseas person can stay in the room for up to 30 days per year.
- apply to the Overseas Investment Office to buy land that is sensitive for other reasons, or significant business assets. Both involve complex tests to assess the benefit to New Zealand of the sale.

New Rules for Employers

From 6 May 2019, all employees will be entitled to 10 days of paid Domestic Violence Leave per annum, which is similar to Sick Leave, but non-cumulative from year to year. Employees can also apply to make short term variations to their employment contract, such as working hours, in addition to the domestic violence leave.

When hiring new employee(s), Employers must give an 'Active Choice form' within the first 10 days of employment, for information on joining a union. It is the employee's choice to join but employers must allow reasonable paid time for the employee and a union representative to go over the option.

Firms with 20 or more staff can no longer use the 90 day trial period but the probationary clause can still be used. Employers must review their employment contract for new employees.

Minimum Wage Rates

From 1 April 2019, the minimum wage rate will increase by \$1.20 to \$17.70 per hour.

Payday filing of PAYE Information

A reminder to those businesses who employ staff on either PAYE or Withholding Tax - Payday filing is compulsory from 1 April 2019, irrespective of how many staff you may have. Filing is required within 2 working days (for electronic filers, or 10 working days for paper filers) after a 'payment' is made to staff, for wages or salaries. In addition, for new staff, you must inform IRD of the employees details by the first payday and you must let your new employee know that you are passing on their details to the IRD.

The payment of PAYE remains due by 20th of the following month.