

### Inland Revenue off the grid...

IRD are moving to a new computer system, and to facilitate these changes, they are closing from 3pm, Thursday 18 April to 8am, Friday 26 April. During this time myiR and their phone lines will be unavailable, and their offices will be closed.

You can still do some things during this time, including:

- pay a bill as you normally would through your bank account
- access information on the website.

[However, employers will need to file March documentation before IRD close at 3pm on 18 April. And remember that PAYE payment is only due on Tuesday 23 April.](#)

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### Payday Filing...but wait, there's more

Following on from our previous email about payday filing, we have come across some additional things that we would like to share as we know these may have an impact on you and we are starting to get contact from clients as they are navigating the changes.

IRD transferred all taxpayers to the new way of filing prior to 11th March, not end of business 11th March. You will notice this when you go to file the February PAYE return the IR file button directs them to the new business section and the account you want to select is "Payroll (was ir-File)". You can still enter the details for your employees on the forms you are used to seeing.

If you are entering your PAYE returns, from now on you will need to enter start dates for ALL employees before you can file your current forms. We would also recommend updating any payroll software with employee start dates too (if they are not already recorded).

When you file your March PAYE return this needs to be done on or before 18th of April as IRD are shutting down their systems from 19th - 26th of April to allow the next stage of the transformation process.

Payment of March PAYE, as 20th April is a Saturday payment is due on the next business day, which is Tuesday 23rd of April.

#### Permissions

IRD's new system works on the basis of permissions, generally speaking the business owner (most often the company director) needs to speak to Inland Revenue and give permissions to other staff to be allowed to access PAYE records for the company as an "Executive office holder (EOH)". Detailed options of how to apply for a myiR are <https://www.ird.govt.nz/online-services/ir-online-services-register.html?tid=globalnav>.

If the business owner had already set up a myiR, there may be some changes that need to be made about permissions - this document covers permissions on page 4 <https://www.ird.govt.nz/resources/4/4/4481501b-647-4c98-857e-e58220488878/Guide+to+payday+filing+for+employers.pdf>

As always we're here to help if you have any questions or get stuck during this process.

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### Two Key Items of Interest for Residential Property

If you are a residential property investor then be aware that from 1st April you will no longer be able to offset losses against other income.

The rule will apply on a portfolio basis, meaning that taxpayers will be able to offset deductions for one residential property against income from other properties - essentially calculating their overall profit or loss across their portfolio.

The Brightline Test making the gain on sale of residential property taxable, has been extended from two years to five years for property purchased on or after 29 March 2018. Please note this does NOT apply to commercial property nor to:

- a taxpayer's main home;
- residential property already subject to the "mixed-use asset" rules;
- residential property that will be taxed on sale.

Make sure you contact us before selling or even transferring a property between entities, e.g from your own name to a trust.

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#### [Tax Working Group](#)

The main focus on the Tax Working Group has been its Capital Gains Tax recommendations. We will cover this in a later newsletter when (if) it is clear that a tax will proceed.

However what may be of interest to business owners is clause 37. This clause includes the following recommendations to reduce compliance costs:

#### For immediate action:

- Increase the threshold for provisional tax from \$2,500 to \$5,000 of residual income tax.
- Increase the closing stock adjustment from \$10,000 to \$20,000-\$30,000.
- Increase the \$10,000 automatic deduction for legal fees and potentially expand the automatic deduction to other types of professional fees.
- Reduce the number of depreciation rates and simplify the process for using default rates.

#### Subject to fiscal constraints:

- Simplify the fringe benefit tax and simplify (or even remove) the entertainment adjustment.
- Remove resident withholding tax on close company-related party interest and dividend payments, subject to integrity concerns.
- Remove the requirement for taxpayers to seek the approval of the Commissioner of Inland Revenue to issue GST Buyer Created Tax Invoices.
- Allow special rate certificates and certificates of exemption to be granted retrospectively.
- Increase the period of validity for a certificate of exemption or special rate certificate.
- Remove the requirement to file a change of imputation ratio notice with Inland Revenue.
- Extend the threshold of 'cash basis person' in the financial arrangement rules, which would better allow for the current levels of personal debt.
- Increase the threshold for not requiring a GST change-of-use adjustment.
- The Government should also review and explore the following opportunities:
  - Adjust the thresholds for unexpired expenditure and for the write off of low-value assets.
  - Help small businesses reduce compliance costs through the use of cloud-based accounting software.
  - Consider compensation for withholding agents if additional withholding tax obligations are imposed.
  - Review the taxation of non-resident employees.
  - Review whether the rules for hybrid mismatches should apply to small businesses or simple business transactions.

These recommendations seem eminently sensible to us...watch this space.

The government is due to report back on the Tax Working Group report this month. Once the Government announces what recommendations it intends to adopt, there will no doubt be more information provided.

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#### [The end of year tax process has changed](#)

Taxpayers who earn only wages and salary (including NZ Super), and investment income which is taxed at source, will now find that the end of year tax process is automatic.

If you've paid too much tax during the year, you'll have your refund paid straight into your bank account (so long as your bank account details are up to date in IRD's system).

If you haven't paid enough, IRD will let you know how much you owe and when you need to pay.

*For more information on the above, or any other tax matter, you are welcome to [contact our office](#).*

### **LATEST NOTICES**

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#### **Payday Filing**

Currently, employers file their employees' earnings and PAYE information to Inland Revenue once a month.

[Read more](#)

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