



Newsletter

June 2019

By now you should have received your annual questionnaires for 2019. Please start thinking about getting your records in to our office.

Tax Calendar

20th June 2019

PAYE due

28th June 2019

GST due

Don't Make Customers Hit The Red Button

Chris said he was pleased with the attention at his doctors' surgery. Soon after he was asked to complete a survey, which was to take only 10 or 15 minutes.

"I felt I owed it to my carers to respond and started answering questions. They wanted my age, my ethnicity and a string of other barely relevant details before getting down to the meat of the issue. After 10 of these questions, I gave up."

If you're going to do a survey and really want to know what people think, keep it brief. There are far too many surveys competing for your time.

Wrong PIR Rates

Inland Revenue Department have found that some people have been paying the wrong tax rate on their Kiwisaver.

They will be contacting those who have been paying the wrong PIR rate with tax to pay for the 2019 year.

You can go back to your provider to ensure your Kiwisaver is on the correct PIR rate or you can look at your year end summary and it will show you your PIR rate.

Taxable income was:	AND taxable income including PIE income/loss was:	Correct PIR is:
\$14,000 or less	\$48,000 or less	10.50 %
\$48,000 or less	\$70,000 or less	17.50 %
All other cases		28.00 %

Put Transactions Through One Business Account

To minimise the risk of error, put all your business transactions, which should include expenses paid out of your own pocket, through one business bank account.

In this way, you will avoid confusion over whether GST has been claimed, and minimise the risk of errors arising from misunderstandings.

How to do this?

- If you have accidentally used your personal account, make a payment from your business account to reimburse.
- If you are short of money in your business account, transfer an amount from your personal account by way of a loan to the business. Make sure we know the deposit is your own money.
- If you are paying your credit card account, pay the personal portion out of your personal bank account and the business portion out of your business bank account.

For small items of expenditure, collect them up in a notebook and when you get to about \$100, make a payment from your business to yourself as a reimbursement.

Losses From Rental Properties

The following is the proposed tax law, which has yet to be enacted. Some of it could be changed.

As you will know, losses on residential rental properties may no longer be claimed as a deduction in your annual tax return.

They will have to be carried forward to the next year and set off against any rental profits in that year. Any surplus losses get carried forward again.

What happens when you sell your property? The losses can still not be claimed. Your only solution would be to buy another rental property. You would then be entitled to use those past losses as a deduction against profits on the new rental property. If you own several properties, you can treat each separately, if you wish, but there doesn't seem to be much achieved by doing this. If you do nothing they will be treated as a "portfolio" and you will be entitled to set off profits and losses on each of them against the others. Any surplus losses then get carried forward.

There are occasional situations where your rental losses can be set off against the profit on the sale of the property. This is only allowed if that profit on sale is taxable, i.e. not a tax-free capital gain.