

# ACCELERATE

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OUR NEWSLETTER FOR GROWING BUSINESSES

## TAX RELIEF MEASURES SUPPORT FOR FARMERS IN DROUGHT AREAS

While townies have been basking in this unusually warm weather, it has been very tough for our farming communities.

Rain over the last few days has provided some respite but still too early yet to see if it has mitigated the effects of the early hot dry summer.

Farmers have been unable to grow sufficient feed for winter and have been using stored feed and buying in supplements for stock, as well as selling off animals.

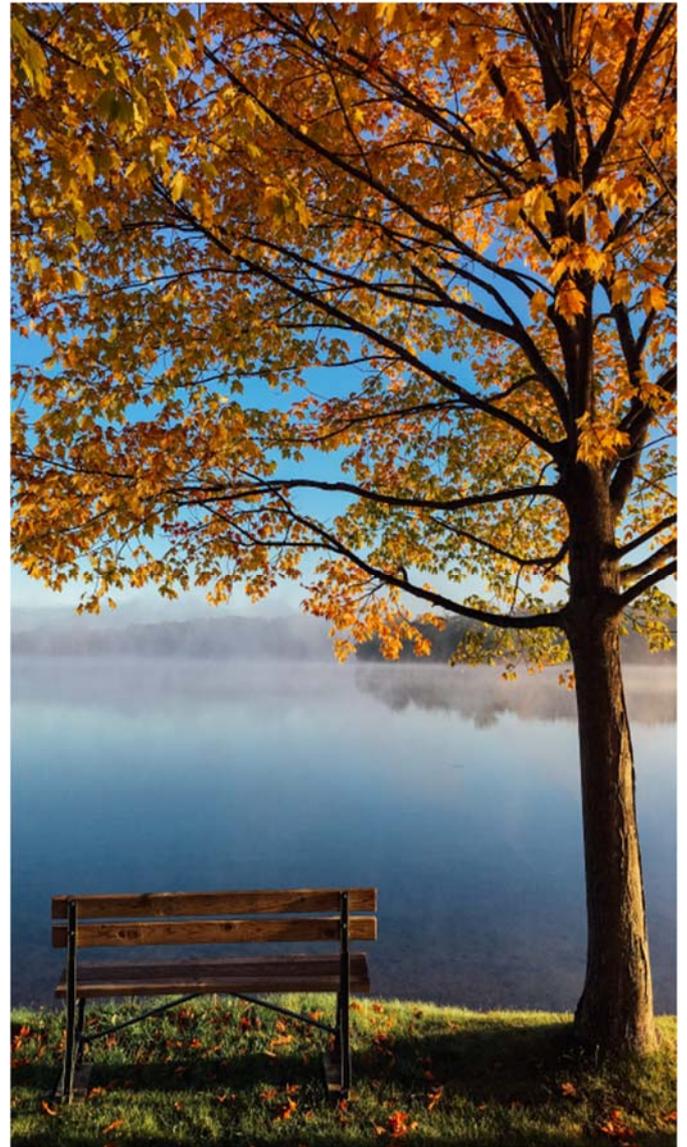
Organisations in the regions are gearing up to assist farmers with feed budgets, technical information and farm management, and stress management.

In response to this the Government recently confirmed tax relief measures will be extended to farmers in drought areas.

This allows government agencies to also step up with additional support for farmers and growers in affected areas.

The tax rules allow farmers affected by certain conditions to make payments into what is known as an income equalisation account. A person who makes such a deposit is allowed a deduction against income in the corresponding income year to which the deposit relates. Which in turn reduces their taxable income. A refund of these deposited funds are assessable in the year of refund. The recent announcement means that farmers in drought areas can make late income equalisation deposits for the 2016-2017 income tax year. They will also be able to apply for early refunds. This allows farmers to smooth out fluctuations in their income from year to year to help with the current situation.

Please do give us a call if you have any questions...we are more than happy to help.



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# WHAT ARE THE NEW GOVERNMENT'S TAX PRIORITIES?



## BUSINESS HEALTH CHECK

With the end of the tax year approaching, check your systems and documentation now and plug any gaps. A good approach is to dig out the EOY checklist you got from us last year and use it to identify any information you need to start gathering now. That way, you won't be rushing frantically later when we need the information.

Take Rob Young's advice and check that your business is fit for sale. If it relies fully on you, plan a one-month holiday in a year's time and start setting things up to run without you. Ask us and your lawyer what we'd do differently if we were you. And focus on profitability rather than minimising your tax liability

One of the first questions business owners ask when a new government enters power is what changes, if any, are coming in the area of tax.

Revenue Minister Stuart Nash provided a good steer on that when he addressed Chartered Accountants Australia and New Zealand last November.

The biggest question, he said, is whether our current system is fit for purpose. A week later, the government demonstrated its commitment to finding an answer by announcing the tax working group, to be headed by Sir Michael Cullen. Its brief is wide and includes specific emphasis on GST (but is unlikely to include GST rates) and the overheated housing market (almost certainly by focusing on speculative property buying).

Other issues the Minister highlighted:

- The future of work, and tax consequences
- Ensuring company tax is fair and efficient and all companies pay their fair share
- Our ageing population and increased superannuation and healthcare costs
- The rapid growth of the sharing economy and its implications for the tax system
- Disruptive technologies and decentralised methods of operating.

If you've ever wondered if you might have a tax refund tucked away at IRD, here's some good news - a proposal for refunds to be issued automatically.

That's part of IRD's ongoing drive to work well with business. One thing you can expect to see is better communication with tax professionals before policy proposals are developed or implemented. That should minimise well meant but fundamentally unworkable policy being introduced.

## KEY TAX DATES FEBRUARY 2018

DATE	CATEGORY	DESCRIPTION
5 February	PAYE	Large employer returns and payments
20 February	PAYE	Small employers return and payment Large employers return and payment
20 February	RWT	RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during January
20 February	N-RWT / Approved Issuer Levy	Payment and return for January
28 February	GST	Return and payment for January

**Disclaimer:** This publication has been carefully prepared, but it has been 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.

# WIN @ WAIMUMU FIELD DAYS

Feb 14th, 15, 16

COME IN FOR A CATCH UP,  
WE HAVE SOME OF OUR  
TEAM ON-SITE EVERYDAY  
AND BE IN TO  
WIN A BUSINESS  
DEVELOPMENT SERVICE  
WORTH UP TO \$2500

To enter visit

**SITE  
228**

Services include:

Business Planning | Succession Plan  
Cashflow Forecasting



## FREE UPCOMING EVENTS

### Tech Tuesday's

*Navigate Accounting and business software*

Feb 20, 27

### Field days

*Come to site 228 to enter our major giveaway!*

Feb 14, 15, 16

### How Robust is Your Trust

*Is your trust doing what it should?*

March 14

### 7 Ways to Grow Your Business

*Top tips to help your growth*

March 21

03 214 4166 | [www.mmca.co.nz](http://www.mmca.co.nz) | Call us to find out more

# NEW LAW WILL MAKE DIRTY MONEY EASIER TO SPOT

Money laundering is big business in New Zealand. Every year \$1.35 billion of fraud- and drug - related money is laundered through seemingly legitimate businesses. In response, the Government introduced specific Anti-Money Laundering and Countering Financing of Terrorism legislation to address this risk.

Previously, only a few types of organisation had to comply with the legislation. Following amendments to this legislation passed last year, it is now confirmed that this legislation extends to these groups taking effect from these dates (or earlier if the Government legislates by an Order in Council):

**1 July 2018:** lawyers, conveyancers and businesses that provide trust and company services

**1 October 2018:** accountants who provide particular kinds of business services

**1 January 2019:** real estate agents

**1 August 2019:** businesses trading in high-value goods, sports and racing betting.

If you are in any of these categories, of course you must make sure that your business complies. We can point you in the right direction. But please also note that as your accountant we are in one of the categories that must comply with the changes. And to do this, be aware that we will sometimes need to ask you for more information than we have in the past. This is because we need to be able to document that we have verified your ID and both you and your business entities are all above board.



## IRD INTO STAGE TWO OF BUSINESS TRANSFORMATION

IRD's been working hard to be easier to do business with. As you read this, its new tax system is kicking in, giving you new and simpler ways to manage your GST obligations through myIR.

Enhancements include the traceability of GST transfers, and Notifications and Alerts sent when there is something for you to do in your myIR account.

From April, IRD will address more areas, including:

- Withholding Tax
- Gaming Machine Duty
- Fringe Benefits Tax
- Payroll subsidy
- Employment information (PAYE) collected in START.

But the biggest change will be to tax law.

AIM (Accounting Income Method), a new option for calculating provisional tax, allows payments to be based on your actual profit in that period – so if you don't make a profit, you won't pay provisional tax.

## INCOME TAX RETURNS ABOUT TO GET EASIER

In April, IRD will also introduce payday reporting of PAYE information – that is, employers will need to report employee payments to Inland Revenue (IR) every pay run. To give you time to put systems in place, businesses will have a year before it becomes mandatory.

Hand in hand with that, IRD will begin collecting PAYE info for the 2018/19 year to allow prepopulation of income tax returns. That should make life a bit easier for SMEs. What's more, the release of Working for Families is being brought forward to 2019, to coincide with tax returns being done under the new system, which – again – will make things simpler for SMEs.