



Update on ACC Levy Rates

The ACC levies have been set by regulation for the 2019-20 and 2020-21 tax years.

For both tax years the earners' levy remains the same at \$1.39 (GST-inclusive) per \$100 liable earnings. The minimum liable earnings for self-employed workers increases from \$32,760 to \$36,816.

The maximum liable earnings will increase for:

- self-employed people from \$124,053 to \$128,470 in the 2019-20 tax year, and to \$130,911 in the 2020-21 tax year.
- employees and private domestic workers from \$126,286 to \$128,470 in the 2019-20 tax year, and to \$130,911 in the 2020-21 tax year.

New Rental Property Regulations

The new Healthy Homes Standards became law from 1 July 2019 and the majority of private landlords now have until 1 July 2021 to become compliant. These standards have been set to improve the quality of rental homes so that tenants will be able to live in warmer, drier and healthier homes.

If you are looking to purchase additional rental properties to add to your retirement nest egg, we recommend that you undertake careful due diligence before purchasing the property, so you understand the cost of complying with the Health Homes regulations.

Summary of key dates:

- 1st July 2019 – Healthy Homes Standards became law
- 1st July 2021 – Deadline for landlords to ensure their

rental properties comply with the new standards. If a tenancy/renewal starts after this, you will have 90 days from that date to comply.

1st July 2024 – All rental properties must comply, regardless of the term, or start date of the tenancy

Summary of requirements:

Insulation

You should already be compliant with this for the ceiling and underfloor. By 1st July 2021, the minimum ceiling thickness will need to be 120 millimetres.

Heating

By 2021 your rental property will need to have a fixed heating device for the living room that can heat the room to at least 18°C (and keep it at this temperature on the coldest winter days).

Ventilation

Kitchens and bathrooms will need to have extraction fans or rangehoods installed. Also your living/dining room, kitchen and bedrooms will now need to include openable windows.

Moisture ingress and drainage

If your property has an enclosed subfloor space, you'll need to ensure this space has an on-ground moisture barrier – to prevent moisture rising into the house. The standards also reinforce existing laws around ensuring adequate drainage and guttering.

Draught stopping

If your property has gaps or holes in walls, ceilings, windows, floors or doors – or an unused open fireplace or chimney – you'll need to get these stopped if they're causing unreasonable draughts.

Motor Vehicle kilometre rates for 2019 are:

Vehicle Type	Tier One Rate	Tier Two rate
Petrol or Diesel	79 cents	30 cents
Petrol Hybrid	79 cents	19 cents
Electric	79 cents	9 cents

Tier One rates can be used for the first 14,000 kilometres of travel (this threshold includes both business and private use), while Tier Two rates are used for travel beyond the first 14,000 kilometres.

Update: Ring-fencing of Residential Rental Losses

Many of you will be aware of the Government's proposal to ring-fence residential rental deductions/losses announced in March last year. The idea is that residential rental losses will not be able to be offset against other sources of income and will instead be carried forward and only offset against certain land related income. The rules will take effect from 1 April 2019 despite the fact the legislation hasn't been passed yet.

Leaky Buildings - IRD Position

The IRD view is that such expenditure is capital in nature. Sadly, in many cases this seems to be the starting point for IRD without them necessarily considering the merits of each case. As soon as the word "leaky" is used, the immediate reaction is capital and non-deductible. IRD seem confident in their position and are generally uninterested in alternative arguments. As a result, please contact us to discuss if you have a leaky building issue.

Brightline Test Guidance

In December, Inland Revenue released guidance on the bright-line test and its impact on subdivided sections and lifestyle blocks. For subdivisions, Inland Revenue considers the main home exclusion applies where more



"You're on the right track. But usually mission statements have more detail."

than 50% of the area of the land in the subdivision section has been used as a main home and the land has been used in that way for more than 50% of the time since the undivided land was acquired. For lifestyle blocks, Inland Revenue considers the farmland exclusion will generally not apply because in most cases the land is not or cannot be used for a farming business. The main home exclusion will only apply where more than 50% of the area of the land has been used as a main home (including curtilage and other residential purposes) and the land has been used in that way for more than 50% of the time the seller owned it.

Beware of tax related scams

Inland Revenue will never send you an email requesting you to confirm, update or disclose confidential details through an unsecure channel such as email.

You should always independently verify the source and the target url before taking any action. If you receive a suspicious communication of this nature, do not respond to it or follow any links. Either contact our office, or Forward it to phishing@ird.govt.nz.

For more information about protecting your identity visit Inland Revenue's website and keyword search SPAM. Alternatively you could visit either the ID Care or Netsafe websites for further guidance.

Email

We will be moving towards more electronic communication with clients in the future including newsletters and tax notifications etc. We will contact each client in due course to confirm your preference as to email or post, and also confirm an appropriate email address that is to be used.



"This way I don't have to spend all that money on fancy cybersecurity."