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## Financial Year End 31 March 2018

As the end of the financial year approaches, it is a good time to consider items that may require action before you close off your year end accounts. We have identified key items below for you to review.

### Bad Debts

In order to claim a tax deduction, bad debts must be written out of your ledger before the year end after all reasonable steps have been taken to recover the debt.

### Stock

A stock take should be undertaken at 31 March 2018, any obsolete stock should be written down to its net realisable value.

### Fixed Assets

Fixed assets should be reviewed. Where a fixed asset is no longer in use, it should be scrapped or sold. Once this action has been taken, the asset can be written off, and a tax deduction claimed.

### Low Value Assets

Low value assets, with a value of \$500 (GST exclusive) or less, can be written off immediately. This is providing that the asset is not an upgrade or part purchase of a wider asset.

### Creditors (money owed by you)

Include all amounts that you owe to suppliers as at 31 March 2018.

### Debtors (money owed to you)

Include all amounts owing to you by customers as at 31 March 2018.

## Repairs & Maintenance

Significant maintenance or repairs undertaken before 31 March may be eligible for a deduction as repairs and maintenance.

## Tax Payments - Due Dates

### Terminal Tax

Terminal Tax payments for the year ending 31 March 2017 are due on 7 April 2018.

### Provisional Tax

The third and final provisional tax instalment for the March 2018 tax year is due on 7<sup>th</sup> May 2018.

### GST

GST payable for the GST period ending 31 March 2018 is due for payment on 7<sup>th</sup> May 2018.

## XERO Accounting Software

**Xero** is online accounting software for small businesses. At Lee Coutts and Syers, we have a team of Xero certified staff that can assist you with implementation of **Xero** for your business to help manage customer invoicing, bank reconciliations, creditors, GST returns, monthly reporting & more. Please contact us if you would like to know more about Xero for your business.



## Tax Changes April 2018

There are no income tax changes for the 2018/2019 financial year. The current Labour government repealed National's planned tax bracket changes, however other changes will be effective 1 April 2018 as noted below.

## ACC Earner Levy Rate

The Earner Levy Rate for the 2018 tax year will remain at **\$1.39** for every **\$100** of liable income.

## ACC Earner Levy Maximum Liable Earnings

The maximum liable earnings for the ACC Earner levy will increase from **\$124,053** to **\$126,286** for all pay periods paid on or after the 1<sup>st</sup> of April 2018. Any income above **\$126,286** will not be subject to the ACC Earner Levy.

## Student Loans

The annual Student Loan repayment threshold has increased to **\$19,448**. This is the level above which Student Loan deductions will be taken. This is equivalent to \$374 gross income weekly or \$748 fortnightly.

## New five year Bright-Line Test for residential property sales

The Minister of Revenue announced that a Bill has been introduced to extend the bright-line period from 2 to 5 years.

The 5-year period will only apply to residential land where the date that the person acquires an interest in the residential land is on or after the date the Bill is enacted (the 2-year period will apply up to this date).

In most cases, the date that a person acquires the first interest in land is the date of the sale and purchase agreement.

## New Minimum Wage Rates

- The adult minimum wage rate will increase from \$15.75 to \$16.50 (*before tax*) an hour.
- The starting-out wage and training minimum wage will also increase from \$12.60 to \$13.20 (*before tax*) an hour.

## Mini Budget – Families Package

Labours new 'mini-budget' is intended to benefit low-income earners, middle-income families with children, and lift children out of poverty.



The families package entails:

- Increasing the Family tax credit by between \$575 to \$1,400 per year.
- Increasing the Working for Families tax credit abatement threshold from \$36,350 to \$42,700.
- Increasing the Working for Families abatement rate from 22.5% to 25%.
- Reinstating the Independent Earner tax credit (IETC) of \$520 annually to individuals with incomes of \$24,000 to \$48,000.
- Introducing a \$60 per week per child Best Start tax credit for families with children under 3 (if born on or after July 1, 2018).
- Implementing the Accommodation Supplement and Accommodation Benefit increases.

## myIR – New Features



From 1 April 2018 you will be able to do more online as Inland Revenue introduce new features to their myIR platform. The My GST section will change to "My Business" and will allow you to do the following:

- Access Employer monthly schedules (EMS) and employer deduction forms via a 'Payroll Returns' account to replace the current ir-File service.
- Access to file, amend and pay FBT
- Access to file, amend and pay GST