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December 2018

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*Wishing you and your families a very happy Christmas and a prosperous New Year from Mike, Hayden, Murray and the team at Lee Coutts & Syers Chartered Accountants Limited*

### Christmas Office Hours

We would again like to extend our very best wishes to all our valued clients and hope you manage to take a well-earned break over the Christmas period. We note that our office hours over the holiday season are as follows:  
Our office will close on Friday 21<sup>st</sup> December 2018, and will re-open on Monday 7<sup>th</sup> January 2019.

### Due Dates to Remember

#### October/November GST - due 15 January 2019

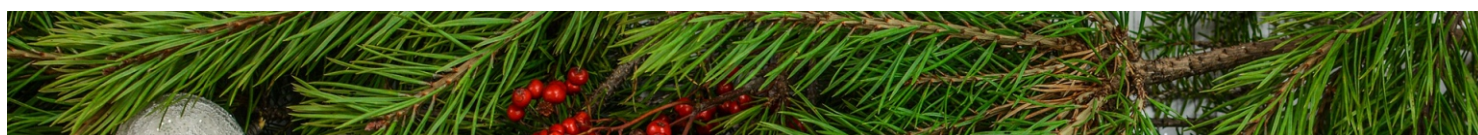
For the GST period ending 30 November 2018, GST is payable to Inland Revenue on the 15<sup>th</sup> of January 2019. If we are preparing your GST returns, please bring your GST records in to us as soon as possible.

#### 2019 Second Provisional Tax Instalment - due 15<sup>th</sup> January 2019

For most provisional taxpayers the next provisional tax instalment will be due on the 15<sup>th</sup> of January 2019. We will send out Inland Revenue payment forms prior to Christmas. If you would like to change your scheduled payment amount, please contact us before Christmas to discuss.

#### December 2018 PAYE - due 20<sup>th</sup> January 2019

#### 2018 Terminal Tax - due 7<sup>th</sup> April 2019



## Payday Filing

The way employers report payroll information to Inland Revenue (IRD) is changing. From 1 April 2018, IRD introduced a new electronic reporting



system, providing employers the option of filing payroll information every payday. From 1 April 2019, the new system will be compulsory for most employers, so it is imperative business owners get to grips with the new rules to avoid the risk of non-compliance.

Under the new payday filing system, the information must be reported every time employees are paid, which could be complex for businesses with a combination of employees paid weekly, fortnightly and monthly.

From 1 April 2019, the new system will be mandatory for any NZ employer who withholds more than \$50,000 of PAYE and Employer Superannuation Contribution Tax (ESCT, e.g. Kiwisaver) per year. Paper filing will remain available for smaller entities who do not exceed this threshold, although they may also opt in.

The details submitted to IRD will remain substantially the same, with additional information required in respect of ESCT payments, the pay cycle frequency, pay period start and end dates, and the payday date. There will also be amendments to the way information is collected for new employees, allowing electronic onboarding for new starters.

IRD's electronic system supports three ways of collecting the employment information. The most straightforward option is direct filing from compatible payroll software, bypassing the need for files to be uploaded through the 'myIR' system. Alternatively, information can be submitted electronically or annually through the employers online 'myIR' account.

Generally, payday filing will require employment information to be submitted within two working days of each payday. For a business with a combination of employees paid both monthly and fortnightly, the filing deadline will be within two working days of both the monthly and fortnightly payday. However, for IR56 taxpayers, or employers below the \$50,000 threshold, the deadline will be extended to within 10 working days of each pay date, with an option to submit a single monthly report.

Despite the increased reporting frequency required by payday filing, PAYE payment dates and methods of payment will remain the same. This means employers will continue to pay PAYE monthly or twice monthly, as they currently do.

Although the increased reporting frequency may appear burdensome at first glance, there is an opportunity for payday filing to reform payroll processes, becoming an integral part of the general accounting system rather than an additional monthly task. This integration will work best for software systems that can upload directly to IRD. Some employers may need to upgrade their existing payroll systems and procedures to ensure compliance by the mandatory deadline, hence, it is important that employers start considering the impact the changes will have now.

## Employment Records

Lack of employment records can lead to fines up to \$100,000. Employment New Zealand has raised concerns that many employers are failing to keep complete and accurate records including wages, time, leave, employment contracts and more. As an employer, by law you must:

- be able to show that you've correctly paid your employees all minimum employment entitlements e.g. at least the minimum wage rate and four weeks annual holidays
- keep each employee's records for seven years even if they have left
- ensure all employees have complete and current employment contracts. Penalties for non-compliance can be up to \$100,000 for a company.

