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## Merry Christmas 2017



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 Hours

It seems this year has gone in a flash, even the formation of a new government now seems a distant memory. Here at Lee Coutts and Syers, we have had a busy year as have the majority of our clients it seems. We would like to extend our very best wishes to all our valued clients and note our hours over the holiday season as below.

Our office will be closed on Thursday 21<sup>ST</sup> December 2017 and will re-open on Monday 8<sup>th</sup> January 2018.

### GST Due 15 January 2018

For the GST period ending 30 November 2017, GST is payable to Inland Revenue on the 15<sup>th</sup> of January 2018. If we are preparing your GST returns, please bring your GST records in to us as soon as possible.

### Provisional Tax due 15<sup>th</sup> January

For most provisional taxpayers the next provisional tax instalment will be due on the 15<sup>th</sup> of January 2018. 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.

### Private Use of Motor Vehicles

From April 2017 closely held companies with 5 or fewer shareholders, that make one or two vehicles available for the private use of shareholder-employees can elect to use a log book arrangement to claim a portion of the vehicle expenses for income tax and GST purposes instead of having to pay FBT. This only applies to purchases of vehicles after 1 April 2017, we will keep an eye out for vehicle purchases where this option may benefit our clients. For more information please contact us if you are considering purchasing a new vehicle.

LogbookMe and Fleet NZ Limited are Inland Revenue approved cloud accounting systems for recording all vehicle journeys. They are an alternative solution to the problem of having to keep logbook but watch out for the cost.



## Holiday Homes and Batches

If you rent out your holiday home sometimes, you may have to pay tax on that income. The IRD says you have a “mixed-use” holiday home if, during the tax year, you use it for:

- Private use, and
- Income-earning use, and
- It’s unoccupied for 62 days or more

If an expense relates to income-earning use and private use, you need to apportion it using this formula:

$$\frac{\text{expenses} \times \text{income-earning days}}{\text{income-earning days} + \text{private use days}}$$

## Oveseas Income

### Rental Properties

You must declare any rental income you get from properties overseas. You can claim deductions for rental-related expenses, and you may also be able to claim a credit for tax paid in the other country on that income. Complexities can arise when loans and mortgages are held overseas. Call us if this applies to you.

### Shares In Oveseas Companies

You will need to declare income in New Zealand on foreign shares held unless you are a transitional resident. The shares are subject to the foreign investment fund rules. The rules surrounding Foreign Investment Funds and Controlled Foreign Companies are complex and you should contact us for advice on the taxation of such offshore investments.



## Boarder Income

When you get income from boarders or homestays, your tax position depends on how many boarders you have, and how much you charge.

If you have one or two boarders \$263 a week for each, three or four boarders \$263 for boarders one and two, and \$215 for boarders three and four. If you charge less than standard-cost figures for four or fewer boarders, you don’t have to declare that income.

## Provisional Tax Changes - Reminder

The IRD has introduced some changes to provisional tax from the current 2018 tax year. It affects taxpayers using the standard method, which is the vast majority of provisional taxpayers and it affects the way the IRD charges Use of Money Interest (UOMI) on provisional tax. Firstly, the UOMI threshold for companies and trusts has been increased from \$2,500 tax liability to \$60,000, in-line with individual taxpayers. So, any taxpayers with a tax liability under \$60,000 will not be charged interest if their tax has ended up being more than the provisional tax paid, so long as they pay the balance by the terminal tax date. The second change affects taxpayers with a tax liability over \$60,000. These taxpayers can pay provisional tax based on the previous year for the first two instalments. Interest will only be charged from the third instalment date on any underpayment.

