

# MEAD STARK – NEWSLETTER 2019

## A QUICK OVERVIEW OF THE LATEST HOT TOPICS



If you would like to discuss any of these matters and how they affect you please don't hesitate to contact us.

### Payday Filing

As you will be aware from **1 April 2019** it is mandatory for all employers to file the employee information returns every payday. See attached for more details.

### MyIR



Due to Payday Filing and other IRD computer changes, MyIR will have some changes coming as more of the IRD's old computer information is moved to the new system. If you haven't already you might like to register for this online as it will make filing Payday and other returns, as well as communicating with the IRD, a great deal simpler. Go to [www.ird.govt.nz](http://www.ird.govt.nz) click on register for MyIR and follow the instructions.

Note the IRD's systems will be down from 3pm Thursday 18 April 2019 to 8am Friday 26 April 2019, while they shift to the new system.

### Kiwisaver



It is proposed from 1 April KiwiSaver members will have two new contribution rates to choose from: 6% or 10%. As well, from 1 July 2019 those 65 years and over can opt into KiwiSaver.

### Employers

**PAYE Tax Tables** The PAYE tax tables for the 2020 tax year including the updated KiwiSaver and Student Loan deduction rates, are now available at <http://www.ird.govt.nz/forms-guides/keyword/employers/payee>.

**Minimum Wage** From 1 April 2019, the adult minimum wage will increase to **\$17.70** an hour. The new entrants' minimum wage and the training minimum wage will increase to **\$14.16** an hour. As these are significant increases compared to previous years please make sure you make the necessary changes to the affected employees.



### Domestic Violence Leave

From April 2019, employees (after 6 months of employment) affected by domestic violence will be permitted to up to 10 days of paid domestic violence leave per year in order to deal with the effects of domestic violence. An employer can require proof that the employee (or their child) are affected by domestic violence, though what constitutes proof has been left undefined.

## Ring-fenced Rental Losses

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From 1 April 2019, investors will no longer be able to deduct expenditure relating to their loss-making residential investment properties from their other income to reduce their tax liability. Deductions for residential land will be allocated to the next income year, to the extent those deductions exceed income from residential land.

## Property Sales - Brightline Test

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From 29 March 2018, people who sell a house in New Zealand within *five* years of buying it must pay income tax on any gains, unless it's their main home or another exception applies. If you bought a house 1 October 2015 to 28 March 2018, the original two year bright-line rule still applies to you.



So if you sell (or transfer to a related entity) a residential property that is not your main home, you need to consider that you may have to pay income tax on any gains so give us a call to find out before signing any contracts.

All existing property tax rules still apply so even if the bright-line rule doesn't apply in your situation, that doesn't necessarily mean you won't need to pay tax on your property profits. If you are looking to purchase or sell a property, please contact us to discuss any potential implications.

## Tax Working Group Suggestions

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Note: These are not law but are the recommendations made to the Government for consideration.

- Introduction of a comprehensive tax on capital gains, treating it as an income on assets such as investment properties, land, shares and business assets. The family home, personal and household items, cars, boats and art would not be included.
- Changing the income tax thresholds for the lower tax brackets; 10.5% currently is from \$0-\$14,000, change to \$0-\$22,500 and 17.5% currently is from \$14,001-\$48,000, change to \$22,501-\$48,000.
- Remove ESCT from low income (under \$48,000) employer KiwiSaver contributions.
- Taxing environmental harmful activities such as widening the emissions trading scheme.
- Reinstate depreciation on buildings.

**If you have any tax or business-related questions, contact your friendly Mead Stark office.**

