

## Wine Announcement

Congratulations  
**Sarah and Vaughn  
Mattingley** you are the  
latest winner of DAA's  
monthly wine draw!  
To be in to win next  
month simply pay any  
invoice within 10 days of  
the date issued, it's that  
simple!



CHARTERED ACCOUNTANTS

## Quote

“Do or do not. There  
is no try.”

Yoda

## Management of ACC Premiums

This has become a hot topic again of late due to the discovery that a client had been paying the wrong rate of ACC for **FIFTEEN YEARS!**

The worst part is ACC will only reassess the premiums for the last four years – prior to that it is deemed to be tough luck. Probably not surprisingly most people only get concerned about checking an invoice when it is significantly different from what they are used to. Clients seem to know when they should no longer have to pay ACC but most don't check the amounts they pay regularly every year to see if there is a way for them to save.

The other hugely underrated product offered by ACC is their Cover Plus Extra. You decide (within reason and in agreement with ACC) what level of cover you need. The premiums are based on the type of work you do for the company rather than what the company's business is. You know exactly what your premiums will be, exactly what you will receive in the case of an accident and there are no fluctuations based on whether your company had a good year or a bad year.

We highly recommend that everyone who pays ACC, or would suffer financially if they were unable to work due to an accident, get in contact with us to ensure you are using a product that is suitable for you and paying the correct premiums. An hour of your time now could mean all the difference to your wallet and give you peace of mind if you ever need to make a claim.

## Residential Land Withholding Tax (RLWT)

From 1 July 2016 residential land withholding tax (RLWT) will need to be deducted from some residential property sales or disposals where:

- the property being sold/disposed of is located in New Zealand and meets the definition of “residential land”;
- and the vendor acquired the property on or after 1 October 2015 and owned it for less than two years before selling (i.e. it's taxable under the bright-line test, ignoring the “main home exclusion” and all other land sale tests);
- and the vendor is an offshore RLWT person

The sale/disposal will be excluded from having RLWT deducted when:

- the property is being transferred upon the death of a person to the executor or administrator of the estate,
- or it's an inherited property transferred to, or sold/disposed of, by a beneficiary.

### Certificate of Exemption from RLWT

- If you hold a valid certificate of exemption (COE) from RLWT then no RLWT will be deducted. A COE from RLWT can be applied for if the sale involves the disposal of your main home, or by those in the business of developing land or dividing land into lots or erecting buildings.

### Who can withhold residential land withholding tax

A withholder is the person required to deduct and pay an amount of RLWT on behalf of the seller. In most cases the withholder will be the seller's conveyancer, otherwise it will be the:

- purchaser's conveyancer (if the seller doesn't have a conveyancer)
- purchaser if neither the seller or purchaser have a conveyancer, or
- purchaser if the seller and purchaser are associated persons.

## A few IRD changes that may impact you

### Mileage Rates Change for 2015/16 financial year

Inland Revenue stated that a recent review of the Commissioner's mileage rate has resulted in a reduction to the rate to 72 cents (from 74 cents for 2015) per kilometre for both petrol and diesel fuel vehicles for the 2016 income year.

The mileage rate does not apply to motor cycles, hybrid and/or electric motor vehicles as these modes of transport are not commonly used for business purposes. Any self-employed persons who use these forms of transport for business purposes will need to calculate their actual expenditure or in the situation of an employer reimbursement, they may make a reasonable estimate of the employee's costs.

### Use-Of Money Interest Rates Change

The interest rate charged by Inland Revenue on underpaid tax has been dropped from 9.21% to 8.27%, and the rate for overpaid tax dropped from 2.63% to 1.62%.

### CPI adjustment for childcare providers

For the 2016 income year the variable standard-cost component is confirmed at \$3.43 per hour per child, and the administration and record keeping fixed standard-cost component is confirmed at \$336 per annum for a full 52 weeks of childcare services provided.

For childcare providers who have a standard 31 March balance date, the confirmed amounts apply for the period from 1 April 2015 to 31 March 2016.

## GST Law Change for Non-Resident Businesses

Changes have been made to the Goods and Services Tax Act 1985 affecting non-resident businesses and the services that they supply.

### If you're a non-resident business

Effective from 1 October 2016, non-resident businesses that meet the GST requirements will be required to charge and return GST on any services that they supply to customers residing in New Zealand. This includes online services such as:

- online gaming
- gambling
- video streaming, and
- music streaming services.

### If you're a New Zealand business

New Zealand GST-registered businesses will not be subject to GST if you are buying supplies from non-resident business as long as the supplies are part of your taxable activity. Non-resident business will treat the recipient as not being a GST-registered business unless the recipient:

- notifies the supplier that they are registered for GST, or
- provides the supplier with their GST number or New Zealand business number.

### If you're a New Zealand customer

Due to GST being charged New Zealand customers may find an increase in the cost of the online supplies that you purchase from 1 October 2016. Examples of supplies/services can include:

- supplies of digital content such as e-books, movies, TV Shows, music and online newspaper subscriptions
- online supplies of software such as apps, games and word processing software

## DAA's Afternoon Out of the Office

A couple of weeks ago DAA closed the office for a promised afternoon of fun and laughter.

In between a lot of puffing and panting we definitely had some fun!

Deacon at 1 More Round Boxing Fitness Centre took us through a session of games and boxing exercises which was a perfect way to wind down after a busy week at work.



We can't recommend this highly enough as a team building exercise or just a way to release a bit of pent up stress!

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