



Tax Calendar



22 July 2019

Quarterly FBT return and payment due.

29 July 2019

Six Monthly GST/Provisional Tax June balance date

Two Monthly GST Return June Balance date.

28 August 2019

Two Monthly GST Return and payment due.

Provisional Tax instalments due for people and organisations with a March balance date.

30 September 2019

Two Monthly GST Return and payment due

21 October 2019

Quarterly FBT return and payment due.

29 October 2019

Six Monthly GST/Provisional Tax March balance date

Two Monthly GST Return and payment due.



- Brent Dickins**
- Hamish Pryde**
- Barbara McConaghty**
- Jude Dickins**
- Deanna Anderson**
- Kelly-Jane Pryde**
- Trudy Plaisted**
- Stephanie Horne**
- Alessia James**

The information contained in this newsletter is of a general nature and should be used as a guide only. Before acting on this information, please consult us regarding your personal situation.

Hear it from Hamish.....
All Plastic is Bad?



Plastic Bottles

I read a staggering fact the other day that Coca-Cola manufactures 3,400 plastic bottles per second. That's almost 110 billion per year.

Should we bring back the glass recyclable bottle? The problem is the resources to use and transport heavy glass is not economical from a monetary or ecological perspective. Glass bottles weigh more which results in more trucks on the road. The energy required to manufacture glass requires heat of 1500°C, but for plastic its 300°C. The energy required for glass manufacturing is massive. There are arguments that the Co2 emissions for glass bottles from cradle to grave exceed that of the plastic bottle.

The issue is what are we doing with the resource once its been used. If someone left their car in the middle of the road, we wouldn't blame the car, we would blame the idiot that left it there.



Why don't we have a suitable recycling system for the plastic bottle? There is a finite amount of resources in the earth. We need to reduce, reuse and recycle all resources we use. We need to stop being the throwaway society.

The Plastic on the Cucumber?

Supermarkets in NZ like to make money. To do this, it's best to keep your product fresh on the shelves for longer. The plastic on the cucumber increases its shelf life by 11 days thus reducing the Co2 emissions required to grow another, pick, pack and transport to replenish that cucumber on the shelf that went off.



Take the juicy steak that is plastic wrapped, the shelf life increases by 21 days! Food waste in landfills creates methane gas which is a green house gas, also bad for the environment.

Therefore, the increased shelf life not only reduces wastage, but less wasted production resources. All because of a small amount of plastic used. Interesting counter point? We just think all plastic is bad.

Hamish



Loss Ring Fencing on Rental Properties

The government has introduced from 1 April 2019 loss ring-fencing on residential rental properties. This means it will apply for the 2020 tax year. The tax legislation is complex and politically motivated.

What Are the Changes

For years, residential property investors have been able to use losses on rental properties to offset their personal tax. Residential rental properties are often "negatively" geared. This means that the expenditure exceeds the income, resulting in a loss. Loss ring-fencing will prevent investors from using any losses against their personal tax.

How will it work?

At its most basic, any losses will be carried over to the next income year. The losses won't be able to be utilised until the investment makes a profit.

The ring-fencing applies on a portfolio basis, so if an investor has more than one property, losses on one can be offset against profits on another.

For many investors, it will take some time to pay down a mortgage before the investment becomes profitable. The ring-fenced losses won't be utilised until quite some time in the future.

We foresee that there will be upward pressure on rents, to try and get the rental property to at least break even.

Some Plastic Jokes

Welcome to plastic surgery addicts anonymous. I see a few new faces this week and I have to say I'm very disappointed

A huge thank you to my neighbour, who lent me her large sheet of plastic covering. Ta Pauline!

Breaking news: Plastic knives to be redundant, they simply aren't cutting it anymore

Grocery store workers must let the customer decide if they want paper or plastic because baggers can't be choosers.

I Can Claim This!

We are not the IRD. But we often are the buffer between acceptable expense claims and unacceptable expense claims. We try to reduce the likelihood of a nasty surprise following an IRD review.

"If we can just sneak a few more tax deductions, or just reduce that tax bill just a little more, I feel like I'm winning"
Let's say you sneak through about \$3,000 of extra expenses that are potentially 'dodgy' and don't really relate to the business, and are more of a private nature. To be claimable, expenses must meet Section DA 1 (Income Tax Act 2007): The General Permission Test – expenditure incurred in deriving business income; or they are unclaimable as they fall under Section DA 2: The Private Limitation Test – that is the expenditure is of a private or domestic nature.

The question is "What happens when you get found out?" Now the IRD can go back generally four years, Let's say you made a claim in 2015 for \$3,000, and the tax benefit was around \$990. You saved \$990 of tax four years ago. If you get caught out you might think – "Fair enough, I'll pay the \$990 back". Sadly, that is not where the IRD will leave it. There will be shortfall penalties between 20% to 200% of the original tax applied and use of money interest which is currently charged at 8.35%! The penalty and interest on the original \$990, a now disallowed claim you made four years ago could now be sitting at \$2,729 which is almost as much as the original claim itself. That is why when we are preparing GST and annual accounts, we review certain expenditures. We are covering our butt as well as yours.

