

# BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses

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## Starting a business

Welcome to our first *Business Tax Update* for 2015. We hope you had a great and relaxing holiday break. "This year, I'm going to work for myself" — is this a New Year's resolution for you or someone you know?



There's a lot to consider before you start a new business, such as what business structure you'll use, do you need to register for GST, will you be an employer and which records you'll need to keep.

To help you get started during what can be an exciting and daunting time, check out the "Starting a business" section of our

website at [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: starting business).

Business.govt.nz's "Compliance matters" tool helps make business compliance requirements easy to find, understand and manage. The tool snapshots what you need to know from the main government agencies and puts it in one place. You can access the tool at [www.business.govt.nz/compliancematters](http://www.business.govt.nz/compliancematters)

### Check out our updated "Tool for Business"

We've recently updated and remodelled our "Tool for Business", making it easier to get the information you need.

The "Tool for Business" is an online interactive tool that provides you with information to get your obligations sorted as quickly and simply as possible.

The tool has been updated to a mobile-friendly format so you can view it easily at home, at the office or on the job. Check out the new-look "Tool for Business" at [www.ird.govt.nz/tool-for-business](http://www.ird.govt.nz/tool-for-business)



### Other resources

We have a range of resources on our website under "Forms and guides". Here you'll find our:

- *Smart business (IR 320)* guide
- *Record keeping (IR 323 and IR 1008)* factsheets
- *Employer obligations (IR 322)* guide
- *GST – do you need to register (IR 365)* factsheet.



Inland Revenue  
Te Tari Taake

## Welcome to Business Tax Update

In this issue: Starting a business, thinking of hiring – now it's easy to work out costs, upcoming changes to benefit and reimbursing allowances, deductions using special tax codes, now's the time to pay your 7 February bill, don't get hooked – beware of scams, myIR secure online services, child support is changing, thank you for your feedback.

*If you have any suggestions for topics you'd like covered in this newsletter, email*

**BusinessTax.Update@ird.govt.nz**



## REMINDERS

**7 February:** 2014 end-of-year income tax, student loan and Working for Families Tax Credits payments are due (unless you have a tax agent or accountant with a valid extension of time). Find out more at [www.ird.govt.nz/feb7](http://www.ird.govt.nz/feb7)

2014 *Fringe benefit shareholder/employee income year tax return (IR 421)* and payment are due if you have a March–September balance date (unless you have a tax agent or accountant with a valid extension of time).

**28 February:** GST returns and payments are due for the period ending 31 January.

**Note:** If a due date falls on a weekend, public holiday or provincial anniversary day, we can receive your return and payment on the next working day without a penalty being applied.

## Thinking of hiring – now it's easy to work out costs

Thinking of hiring staff to get more done, but worried about the cost? Business.govt.nz's new "Employee cost calculator" helps small to medium businesses make confident hiring decisions.

The calculator uses data from government agencies and "Trade Me Jobs" to tailor employment costs to your industry and the type of role you're looking at. You simply click on a couple of boxes to quickly estimate the fixed and discretionary costs of taking someone on.

You can find out what you're likely to pay straightaway and get a breakdown of costs like ACC levies, KiwiSaver contributions and fringe benefit tax. The calculator also shows you the cost of employing someone in the first year, and a monthly ballpark figure for your budget. You can try out different scenarios and email the results to yourself, or save them as a PDF or csv file.

You'll find the calculator on Business.govt.nz's website [www.business.govt.nz/employeecostcalculator/](http://www.business.govt.nz/employeecostcalculator/)

Business.govt.nz is the first-stop-shop for small businesses looking for advice, information and tools to help them work with government. The site is part of the Better for Business – Result 9 programme delivering better public services for New Zealand.



## Upcoming changes to benefit and reimbursing allowances

Changes coming into effect on 1 April 2015 will affect the tax treatment of allowances you might pay your employees. Allowances are payments made to an employee in addition to their salary or wage and can include payments for accommodation, food or clothing.

The changes clarify the tax treatment of employer-provided accommodation, accommodation payments and other allowances or payments made by employers to cover employee expenditure.

For detailed information about these changes, including if you can retrospectively apply the new rules, go to [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: benefit allowances).

## Deductions using special tax codes

Do you have an employee using a special tax code? Have you checked their special tax code certificate recently to make sure it's still valid?

If the certificate is still valid, great, keep making deductions at the specified rate.

If it isn't valid, start making deductions based on your employee's previous *Tax code declaration (IR 330)* form, or a new IR 330 if they've given you one. You may be deducting too much or too little tax if you're not using the right tax code.

For more information about deductions using special tax codes, visit [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: special code deductions).

## Now's the time to pay your 7 February bill

If you have an end-of-year income tax, student loan or Working for Families Tax Credits payment to make for the 2014 tax year, the due date is 7 February 2015 (unless you have a tax agent or accountant with a valid extension of time).

This year, since 7 February falls on a weekend, you'll have until Monday 9 February to pay your bill. Most people pay on time and avoid penalties and interest.

### The quick and easy way to pay your bill

The quickest and easiest way to pay your bill is online using internet banking.

You can go to [www.ird.govt.nz/pay](http://www.ird.govt.nz/pay) to pay online or find out about all our payment options.

### Having trouble paying by the due date?

If you think you'll have trouble paying on time, contact us **before** the due date on 0800 377 774 (and say "arrangement" when prompted). We can often set up an instalment plan. If you keep to the instalment plan, you'll be charged fewer penalties.

### If the due date has passed and you haven't paid

It's not too late to pay if you miss the due date. The sooner you get your debt sorted, the less you'll have to pay from penalties and interest. If you're having trouble paying, contact us on 0800 377 771 (and say "debt" when prompted). We'll work with you to find a solution.

### Find out more

You can find everything you need to know about the 7 February due date, including how to avoid a bill next year, at [www.ird.govt.nz/feb7](http://www.ird.govt.nz/feb7)

Our contact details are given at [www.ird.govt.nz/contact-us](http://www.ird.govt.nz/contact-us) if you need to call us.

## Don't get hooked – beware of scams

With the 7 February due date, fraudsters may use this as a way to try and get your information and money. Most scams appear to offer you a refund—but first you must pay them a small sum. These messages are always a scam, we never ask you to pay money to receive money. If you have a refund and a debt, the refund will generally be offset against your debt and any extra paid to you. Some attempts may say you have a bill and will be fined and prosecuted within a few days if you don't pay.

Some email scams include a link that directs you to a false webpage, sometimes a very good replica of our webpage, where you will be asked to enter your myIR secure online services account userID and password. Clicking on the link may trigger a virus download on to your computer, as well as allowing fraudsters access to your Inland Revenue information.

Phishing comes in many shapes and sizes, such as emails, phone calls, text messages and letters. Here are some tips to decide if what you've received is genuine:

- Does it include a direct link to a page asking you to submit information, or ask you to provide your myIR account userID or password? We don't do this.
- Does it include a specific dollar value of the refund? We don't include such specific information in our emails.
- Does it have spelling or grammatical errors?

If you've answered yes to any of these questions, delete or throw the message away—it's a scam.

For more information about phishing scams and how to report them, go to [www.ird.govt.nz](http://www.ird.govt.nz) (search keyword: phishing).

## myIR secure online services

Our myIR secure online services make it quicker and easier to manage your tax and entitlements. All your key information is in one place, making it easy to find balances and due dates, and update your personal information.

Register for a myIR account today and:

- file an EMS or IR 3 tax return
- register for GST and file your GST return
- instantly update your bank accounts (individuals only), phone numbers, addresses and email details
- get a complete and up-to-date view of your student loan balance and recent transactions
- view payments to or from us
- see if you're due a refund.

myIR is available 24 hours a day, seven days a week. Go to [www.ird.govt.nz/myIR](http://www.ird.govt.nz/myIR) and click on "Register" to find out more.

[newzealand.govt.nz](http://newzealand.govt.nz)

*Business Tax Update* comments generally on topical tax issues relevant to businesses. Every attempt is made to ensure the law is correctly interpreted, but articles are intended as a brief overview only. The examples provided are not intended to cover every possible factual situation.

Email: [BusinessTax.Update@ird.govt.nz](mailto:BusinessTax.Update@ird.govt.nz)

 [www.ird.govt.nz](http://www.ird.govt.nz)

## Child support is changing

The way we work out child support assessments will be changing on 1 April 2015.

Customers will receive notices from mid-February letting them know the new amount of child support they'll pay or receive.

In mid-March, we'll send notices to employers advising how much to deduct from each pay, starting 1 April 2015.

We'll be making further changes to improve child support next year on 1 April 2016. These changes include a new administrative review ground and a lower maximum age of eligibility. There will also be new debt and penalty rules to help customers if they fall behind with payments.

We'll continue to keep everyone informed of changes throughout the year.

Go to [www.ird.govt.nz/csinfo](http://www.ird.govt.nz/csinfo) for more information on the changes.



## Thank you for your feedback

Thank you to everyone who took the time to provide feedback on the *Business Tax Update* by completing the survey attached to the October and November emails.

We're learning a lot from your feedback, such as:

- brief explanations with links to get all the information on a topic are better than long articles that don't cover everything and give you a link anyway
- having the latest information about tax issues is one of the main reasons for receiving the *Business Tax Update*
- you would like to see more articles on GST, income tax and provisional tax, and tips on how to use our tools.

We've also looked into how you're reading the *Business Tax Update*. The email is the most popular, followed by the web version and lastly the PDF.

We'll be looking into how we can use your feedback to make the *Business Tax Update* an even better source of information for you.