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Business Tax Update

Issue 95
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Reminders

We have a [range of calendars](#) to help you plan ahead to meet your obligations.

Remember: 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.

Employee Share Scheme changes

Changes made to modernise taxation of Employee Share Schemes (ESS) come into effect on 29 September 2018. These changes ensure that the tax treatment is in line with other forms of employment income.

When an ESS benefit is taxable to an individual will be based on the **share scheme taxing date** which is the earlier of the date when:

- the benefits are either transferred to a non-associated person or cancelled, or
- the employee share scheme beneficiary owns the shares as any other shareholder would without the terms of employment affecting the status of the ownership or value of the shares.

Example 1

Acme Limited (Acme) transfers shares worth \$10,000 to a trust to hold for their employee, Alice. Alice only receives the shares from the trust if she stays employed by Acme for at least 3 years. She receives no benefit from, or ownership of, the shares if she leaves before then. As there is a risk that Alice will leave Acme's employment within 3 years, the share scheme taxing date is the date she has been there for 3 years.

Example 2

Acme Limited transfers shares worth \$10,000 to a trust to hold for their employee, Bob. Bob receives the shares 3 years after they are transferred to the trust as long as he is not dismissed for serious misconduct in this time. Bob will still be entitled to the shares if he ceases employment within 3 years as long as the employment is not ceased due to serious misconduct, so the share scheme taxing date is the date the shares are transferred to the trust as there is little risk that Bob will lose his entitlement to the shares.

Early adopters of the accounting income method (AIM) find provisional tax simpler

More than 1,100 small businesses with turnover under \$5m have opted for more certainty around their provisional tax obligations by signing up to the new accounting income method (AIM).

AIM works through accounting software. AIM-capable software uses your business' accounting information to work out how much provisional tax you need to pay every 1 or 2 months.

When you choose AIM you'll pay provisional tax only if you make an accounting profit. If your income drops during the year or if your business makes a loss, you can get an immediate refund of any overpaid provisional tax – no more waiting until the end of the year.

[Read about the experiences of AIM early adopters](#)

Effective date of GST registrations

We have recently published a standard practice statement [SPS 18/03: Effective date of GST registrations](#). The statement sets out the effective date the Commissioner will register a person for GST. It covers the general rules under the legislation and how the Commissioner will apply discretion where the legislation provides for an alternative date to be used.

Change of address for Significant Enterprises (previously Large Enterprises)

Please now post all mail to Significant Enterprises, PO Box 39010, Wellington Mail Centre, Lower Hutt 5045.

The phone number for general enquiries remains the same - 0800 443 773 between 8am and 4.30pm Monday to Friday.

You can also send secure mail for most options or do online registrations.

You can send urgent correspondence by email to Payroll.Bureau@ird.govt.nz

Allocating withholding tax credits to shareholders in tax returns

For the 2018 and later tax years, companies that receive schedular payments will in some circumstances be able to transfer the tax deducted from these payments directly to the company's shareholder-employee(s).

When you are completing IR4s and IR3s for your clients and allocating withholding tax credits to shareholder-employees, go to our website for more information about [claiming company tax deductions in your income tax return](#).

New Customs and Excise Act 2018

On 1 October a new Customs and Excise Act comes into force.

The new Act is less prescriptive and more principles based - providing flexibility. It uses language that's easier to understand and interpret.

Most of the intent is the same as the 1996 Act. However, some changes may affect you.

The three areas of change are:

- 10 new services and initiatives
- changes to existing services
- structural reference changes.

To help you get ready for the changes check out the [Customs website](#).

If you have any questions email Act2018@customs.govt.nz.

Payday filing seminars coming to a town near you

Are you a payroll officer, payroll manager, CFO or tax manager in your business? Then attending one of our payday filing seminars is a must for you.

All employers will need to shift to payday filing by April 2019. To help you with the shift we'll be running seminars throughout the country from September to November 2018.

We'll be sharing information about payday filing and what the changes mean for you as an employer or payroll manager.

[Register for a seminar today](#)

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