

BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses



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REMINDERS

Remember that if a due date falls on a weekend or public holiday, we can receive your return and payment on the next working day without a penalty being applied. But for provincial anniversary dates, this only applies if you're in the province celebrating the holiday, and only if you usually make tax payments over-the-counter at Westpac.

We have key dates to help you meet your obligations. ird.govt.nz/index/key-dates

If you have any suggestions for topics you'd like covered in this newsletter, Email BusinessTax.Update@ird.govt.nz

New eligibility criteria for the Small Business Cashflow (Loan) Scheme now in effect

Businesses applying for the Small Business Cashflow (Loan) Scheme SBCS, can now apply using new criteria which took effect on Thursday 28 January 2021.

The changes to criteria cover 4 areas:

1. The date that a business or organisation was established
2. The decline in revenue test
3. Employee number test
4. Ability to borrow more than once.

The criteria changes were announced by the Government late last year, to align with the application period which had earlier been extended to the end of 2023. When announced, it was signalled these changes would take effect early February, but we've been able to implement them earlier, so eligible businesses and organisations are able to apply for the loan under the new criteria sooner.

More information about the changes to the eligibility criteria and SBCS in general can be found at ird.govt.nz/covid-19/business-and-organisations/small-business-cash-flow-loan

Changes coming for paid parental leave next month

A reminder that from next month customers will be able to apply for and manage their paid parental leave (PPL) in myIR.

Regulation changes will be made so that from next month employers will no longer need to verify income details for employees.

For more information about the proposed changes check out ird.govt.nz/ppl-changes

Moving to version 2 of payday filing

From 1 April, we will require all employers to use the new payday filing format (version 2). Version 2 has been available since April 2020 and provides more Employee Information (EI) and Employee Detail information than the current version 1.

We have been working closely with payroll software developers to help ensure they build Version 2 into their systems in good time.

If you file onscreen through myIR or paper, there is no change as the version 2 changes have been in place since April 2020. If you use a Payroll Bureau or Intermediary service there will likely be no impact as your payroll service provider will make any necessary changes. If you file through software, you should notice little change. If you have your own inhouse systems, you will need to build version 2 into your system before April this year.

It's important to note that amendments to EI will have to be made using the same version as the original file. For example, if you file through version 1 you must amend through version 1.

If you file through software, please contact your payroll software provider if you want to know more about what will be changing and when.

Key services unavailable late February

From 5pm Friday 26 February to Monday 1 March, myIR and SPK2IR will be unavailable and our phone lines will be closed for planned system changes. Customers using software will also be affected. Bill payments can still be made during this time.

Returns, eFile or messages in draft

If you have a return or eFile in draft or any draft messages in myIR these will be deleted. Be sure you complete and submit these before Friday 26 February so you don't lose them.

GST due date extended

Monthly and bi-monthly GST payments, returns and provisional tax instalments are due by 28 February. This due date is extended until 1 March. We recommend customers file in advance of this due date, if possible.

Thank you for your patience while we make these improvements. Visit ird.govt.nz/service-update for more information.

2019/2020 Kilometre rates now finalised

The 2019/2020 kilometre rates are now published on our website.

ird.govt.nz/updates/news-folder/finalised-kilometre-rates-2019-2020

The Holidays Act 2003 — reduce your risk of non-compliance

(Published on behalf of Employment New Zealand)

As we start the New Year, now is an ideal time to review and ensure your payroll systems and processes are up to date and reduce your risk of non-compliance with the Holidays Act 2003 (The Act).

Employment New Zealand has free resources to help you comply with the Act.

Common issues for businesses include:

Strategic issues

- Some sectors have systemic failure to comply with the Holiday Act and this is not acceptable.
- Some employers have an incorrect 'set and forget' mentality to their payroll systems.
- Employers often assume their payroll system or accountant get it right automatically when often it does not.

Operational issues

- Poor record keeping and processes resulting in non-compliance.
- Agreements are not reached between employers and employees.
- Accrual vs entitlement calculations are not being applied properly.
- Incorrect calculations, including incorrect use of hours, gross earnings, and portions of a week.
- Incorrect use of the 'casual' employee approach to entitlements.

Suggestions to help reduce your risk of non-compliance

- Engage with your employees and educate them about their entitlements.
- Keep accurate and compliant records.
- Provide your employees with payslips, so they can clearly see and understand how their pay and holidays are being calculated.
- Provide a contract variance letter to formalise any changes in your employees' work arrangements
- Make sure that all necessary information is provided to your payroll systems provider or accountant.
- Regularly test your payroll system for compliance with the Act.
- Improve your knowledge of employment legislation with our free e-modules at : employment.elearning.ac.nz/

More information

- Visit employment.govt.nz to help you understand essential information on annual holidays, other leave and COVID-19 updates or download our guide **Leave and holidays A guide to employees' minimum leave and holiday entitlements**.