

BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses

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Private use of motor vehicles and fringe benefit tax

If you make a vehicle available to an employee, their associated persons, or shareholder-employees for private use, you'll need to pay fringe benefit tax (FBT) whether the vehicle is used or not.



Travel between work and home is generally classified as private use. Go to www.ird.govt.nz (search keyword: IS3448) to find out if this travel is deductible for FBT purposes. This interpretation statement contains guidelines for determining whether travel between home and work is deductible, and when travel between home and work will be treated as work-related use (rather than private use or enjoyment) for FBT purposes.

You're required to keep records for any motor vehicle made available for private use. If a private use restriction is in place, you must keep a record of quarterly checks to make sure the vehicle isn't used for unauthorised private use.

There are exemptions for FBT if the vehicle is a work-related vehicle. Adequate records must be kept to support the days claimed as FBT exempt under the work-related vehicle exclusion. Our *Fringe benefit tax guide (IR409)* has more information on general and daily motor vehicle exemptions. Go to www.ird.govt.nz (search keyword: IR409).

To find out more about motor vehicles and FBT go to www.ird.govt.nz (search keywords: FBT vehicles).

If you have any questions about FBT on motor vehicles send them to FBTenquiries@ird.govt.nz We'll respond to your question within 10 working days.

This is the first of a series of articles highlighting FBT issues. In the next edition of this newsletter, we'll be looking at FBT and work-related vehicles and common errors found in FBT returns.

Non-resident businesses and GST on remote services

The Taxation (Residential Land Withholding Tax, GST on Online Services, and Student Loans) Act 2016 received Royal assent on 13 May 2016.

From 1 October 2016, non-resident businesses that meet certain GST requirements will be required to charge and return GST on any remote services they supply to customers who reside in New Zealand. This includes businesses providing online services such as online gaming, gambling, video streaming and music streaming services.

For more information about this change go to www.ird.govt.nz (search keywords: non-resident GST).



Inland Revenue
Te Tari Taake

Welcome to Business Tax Update

In this issue: Private use of motor vehicles and fringe benefit tax, non-resident businesses and GST on remote services, free workshop for small business owners, research and development (R&D) loss tax credit, missed expenses in your GST return, use-of-money interest (UOMI) rate change, reading ACC levy invoices is about to get easier, if you need to contact us.

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



REMINDERS

28 June: GST returns and payments are due for the period ending 31 May 2016. The first 2017 provisional tax instalment is due for those using the ratio method who have a 31 March balance date.

7 July: 2016 income tax returns are due for customers with a standard balance date and no extension of time.

Free workshop for small business owners

To succeed and grow, businesses need to access a skilled workforce and attract and retain talented staff.

Some businesses, especially when they're small, can struggle to attract the right people.

There's a free workshop for small business owners in Auckland coming up to help you find and keep the best workers and become an employer of choice.

The workshop is on June 23 and will run from 7.30am to 8.30am.

This structured workshop uses the experiences of other business owners to help you think about new ways to recruit the best and brightest, and the benefits to grow your business. Presentations will be followed by a Q&A session.

All participants will receive a toolkit with practical advice on getting and keeping great staff.

Register for the workshop at www.eventbrite.co.nz (search keywords: great staff) or contact the organiser at getgreatstaff@gmail.com

The workshop is a joint initiative between industry trade and training associations, business groups and government.

Research and development (R&D) loss tax credit

The Government has introduced a new R&D loss tax credit to help encourage business innovation.

Are you a Kiwi company that conducts research or development and is making a tax loss? You may be eligible to 'cash out' (claim and be refunded) your R&D tax losses for the 2015/16 tax year.

Find out if you're eligible now

Visit www.ird.govt.nz/rd-credit now to find out if you're eligible and apply.

Missed expenses in your GST return

Have you missed claiming some expenses in your GST return due to a clear mistake or simple oversight?

If you have, you are able to claim them in your next return.

You don't need to request an amendment to your filed return. You only need to do this if you've missed out more than expenses, eg, income.

For more information please refer to the "Questions we've been asked" QB 09/04 at www.ird.govt.nz (search keyword QB 09/04).

Use-of-money interest (UOMI) rate change

Effective 8 May 2016 the UOMI rates on underpayments and overpayments of tax changed.

The new rates are:

- underpayments - 8.27% (down from 9.21%)
- overpayments - 1.62% (down from 2.63%)

Rates are reviewed regularly to ensure they are aligned with market interest rates.

Reading ACC levy invoices is about to get easier

From 1 July, businesses will start to receive their recently redesigned ACC invoice.

ACC worked with customers and ACC staff who deal with business customers every day, to include their feedback when redesigning their levy invoices. The result is an invoice that is clearer and easier to read, while keeping all the information businesses need.

The key design changes include:

- an improved layout
- simplified design
- fewer pages
- the removal of unnecessary colours.

More information about the invoices, including examples, will be available after 1 July at www.acc.co.nz/yourinvoice

Share your feedback about the new design with ACC at feedback@acc.co.nz

If you need to contact us

You may find there are better and faster ways of getting the information you need other than by giving us a call. Try our online options first.

- myIR Secure Online Services
- Get it done online
- Work it out - calculators and tools
- Forms and guides
- Website search box

If you do need to call us, get the information you need faster by finding the correct number to call at www.ird.govt.nz/contact-us