

March 2019 Newsletter

It's time to gear up for payday filing

Hundreds of Kiwi business owners are enjoying the benefits of payday filing - are you? If not, you'll need to be by 1 April when payday filing becomes compulsory. Now's the time to work out how you're going to integrate it into your payroll processes and save time on your tax obligations.

Payday filing means you need to:

- File employment information every payday instead of an Employer monthly schedule (IR348).
- Provide new and departing employees' address information, as well as their date of birth - if they have provided it to you.
- File electronically (from payday compatible software or through myIR) if your annual PAYE/ESCT is \$50,000 or more.

Remember, the due date for payment remains the same at the 20th of the month (or 5th and 20th of the month for twice-monthly filers).

How do I payday file?

There are three ways to file electronically - direct from payroll software, file upload from myIR or onscreen via myIR.

How do I shift over to payday filing?

1. Review your payroll processes and plan and schedule when to shift.
2. Ask your software provider when they'll have payday filing compatible software (Xero and MYOB already do).
3. If you're using myIR to file, let the IRD know you're switching to payday filing in myIR.

Need to know how payday filing works for schedular payments, shadow payrolls, employee share schemes and holiday pays?

Let us know and we'll talk you through it.

Payroll Pain Relievers

With New Zealand ranking as one of the most complex payroll environments in the world, it's no wonder many Kiwi employers choose to offload payroll headaches to bookkeepers, accountants, or payroll intermediaries. This trend is picking up steam: with Inland Revenue's "Payday Filing" scheme kicking off 1 April 2019, instead of reporting PAYE to Inland Revenue on the 20th of the following, you'll need to report every payday (though some employers may have different situations and can choose otherwise).*

The bad news? With anti-money laundering rules in effect, even getting someone else to do your payroll is about to get more complicated.

If we're handling your payments to staff or Inland Revenue, we might need to get more information about your business and identity.

If you've got someone else handling these payments, like a bookkeeper or a payroll service provider, they might need to do the same thing. If you can't get into the office to meet with them, this might include tasks like getting a copy of your driver's licence certified by a JP or lawyer. Good fun.

Now the good news! Certain PAYE Intermediaries, like PaySauce, are exempt from the AML obligations. They (and others like them) won't need to badger you for identity verification or more info about your business. PaySauce is also the first payroll intermediary up and running with Payday Filing. (Note that some intermediaries are not exempt - it's important to check).

If you'd like us (or whoever helps you with your payroll) to take care of payroll calculations so you don't need to spend time becoming a holiday pay guru, we could migrate you onto a platform like PaySauce for the best of both worlds - Payday Filing and AML payroll headaches sorted.

*** [IR Payday Filing - What You Need to Know | Knowledge | PaySauce] (<https://www.paysauce.com/knowledge/ird-payday-filing/>)**

39 George Street, Timaru 7910, PO Box 125, Timaru 7940
Phone: 03 687 9222, Fax: 03 684 4319
Website: www.hcpartners.co.nz

Partners: Duncan Brand, Paul Wolffenbuttel, Craig Copland, Nick Krivan,
Kalpesh Hari

Consultant: John Stark



WHAT'S NEW IN THE WORLD OF TAX?

1. Payday filing

We have mentioned this in the past, but don't forget payday filing for employers is compulsory from 1 April 2019. Please contact us if you need any help with complying with the new process and rules.

2. No more cheques for IRD

Do you send post-dated cheques for tax payments? It's time to go digital! From now on you'll need to use online banking to make future-dated payments as the IRD no longer accepts post-dated cheques. Plus, if you're one to put your tax payments in the IRD's dropboxes, you'll now have to head to an IRD office reception area (during office hours) to do so.

3. Writing off bad debt? Get your ducks in a row

If you're expecting a tax break from writing off bad debt, you may also expect to hear from the IRD asking you to prove the debt is, in fact, bad. A new ruling means the IRD could request evidence of any steps you took to recover the debt (before writing it off) and proof there is no reasonable likelihood the debt will be paid. So, get your paperwork in order!



TAKE NOTE! MINIMUM WAGE GLIDES CLOSER TO \$20

More than 200,000 New Zealanders and their families will benefit from the minimum wage going up to \$17.70 an hour on 1 April 2019 — an increase of \$1.20. The starting-out and training minimum wage rates will increase from \$13.20 to \$14.16 per hour (remaining at 80% of the adult minimum wage) and the Government has set indicative rates of \$18.90 from 1 April 2020 and \$20 from 1 April 2021.



KEY TAX DATES - MARCH 2019

Date	Category	Description
20 March	RWT	RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during February
20 March	PAYE	Payment due for small employers for February, large employers for March Returns for small and large employers who have not yet opted in to payday filing
20 March	NRWT/Approved Issuer Levy	Payment and return for February
28 March	GST	Return and payment for February

Disclaimer

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.