

BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses



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REMINDERS

We have several calendars you can use to plan ahead to help you meet your obligations. Remember that if a due date falls on a weekend and public holiday, we can receive your return and payment on the next working day without a penalty being applied.

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

Proposed GST law on overseas low-value goods sold to New Zealand consumers

The New Zealand Government is currently considering new GST rules that would require overseas businesses to register for, collect and return goods and services tax (GST) on low-value goods sold to consumers in New Zealand.

Examples of these types of goods include books, clothing, cosmetics, shoes, sporting equipment and small electronic items. If approved, the new rules would come into effect from 1 October 2019.

The rules aim to ensure GST is collected and paid on all goods bought online by consumers in New Zealand.

New Zealand Customs currently collects GST and duty at the border on goods bought from overseas, but only when the amount due is \$60 or more (except on alcohol and tobacco products).

From 1 October, Customs would no longer collect GST and duty on goods valued at or under NZ\$1,000. Customs would continue to collect GST and duty on consignments valued over NZ\$1,000.

What does this mean for overseas businesses?

Overseas businesses, online marketplaces, and redeliverers¹ would be required to register for GST if their total taxable supplies of goods and services to New Zealand:

- was \$60,000 or more in the last 12 months, or
- will exceed \$60,000 in the next 12 months.

More information

Further details about the proposed international GST changes can be found on our website:

ird.govt.nz/GSTupdate

We'll be providing another update in June or July when the proposed changes are expected to become law.

¹ The definition of a "redeliverer" includes a person that provides the use of an overseas delivery address for consumers purchasing goods from offshore suppliers. These types of redeliverers would receive or collect the goods from the overseas address and deliver the goods to the consumer's address in New Zealand, or arrange the collection and delivery of the goods to the consumer in New Zealand. The proposed definition of "redeliverer" also includes persons that provide personal shopping services to consumers in New Zealand in relation to goods sold by offshore suppliers, in the specific situation where the personal shopper purchases the goods as an agent of the consumer.

New ACC rates set

The ACC levies have been set by regulation for the 2019-20 and 2020-21 tax years.

For both tax years the earners' levy remains the same at \$1.39 (GST-inclusive) per \$100 liable earnings. The minimum liable earnings for self-employed workers increases from \$32,760 to \$36,816.

The maximum liable earnings will increase for:

- self-employed people from \$124,053 to \$128,470 in the 2019-20 tax year, and to \$130,911 in the 2020-21 tax year.
- employees and private domestic workers from \$126,286 to \$128,470 in the 2019-20 tax year, and to \$130,911 in the 2020-21 tax year.

Employment Relations Amendment Act 2018 latest changes are effective May 2019

The Employment Relations Amendment Act 2018 introduced a number of employment law changes aiming to improve fairness in the workplace and deliver decent work conditions and fair wages.

The law changes are effective as of two dates, May this year 2019 and December last year 2018.

From 6 May 2019 key changes include:

- The right to set rest and meal breaks will be restored, the number and length of breaks depends on the hours worked. For example, an eight-hour work day must include two paid 10-minute rest breaks and one unpaid 30-minute meal break, while a four-hour work day must include one paid 10-minute rest break.
- 90-day trial periods will be restricted to businesses with 19 or fewer employees. This change means the majority of employees will have protections against unjustified dismissal from when they start a job.

From 12 December 2018 key changes include:

- If requested by the employee, reinstatement will be the first course of action considered by the Employment Relations Authority, for employees found to have been unfairly dismissed. Reinstatement means the employee gets their previous job back.
- Union representatives can now enter workplaces without consent, provided the employees are covered under, or bargaining towards, a collective agreement. They can still only enter a workplace for certain purposes, must be respectful of normal operating hours, and follow health, safety and security procedures.

For more information about these and other changes you need to know about visit: www.employment.govt.nz/about/employment-law/employment-relations-amendment-act-2018/ or www.employment.govt.nz

Income tax assessments

From now on we're going to automatically calculate end of year income tax for individuals where their only income is from either employment or investments (such as interest from bank deposits and savings).

Between mid-May and July income tax assessments will be issued which will show details of earnings, tax payments and if there is a tax refund or bill to pay.

For more information about income tax assessments visit ird.govt.nz/changing-for-you

