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## Important Dates:

### PAYE

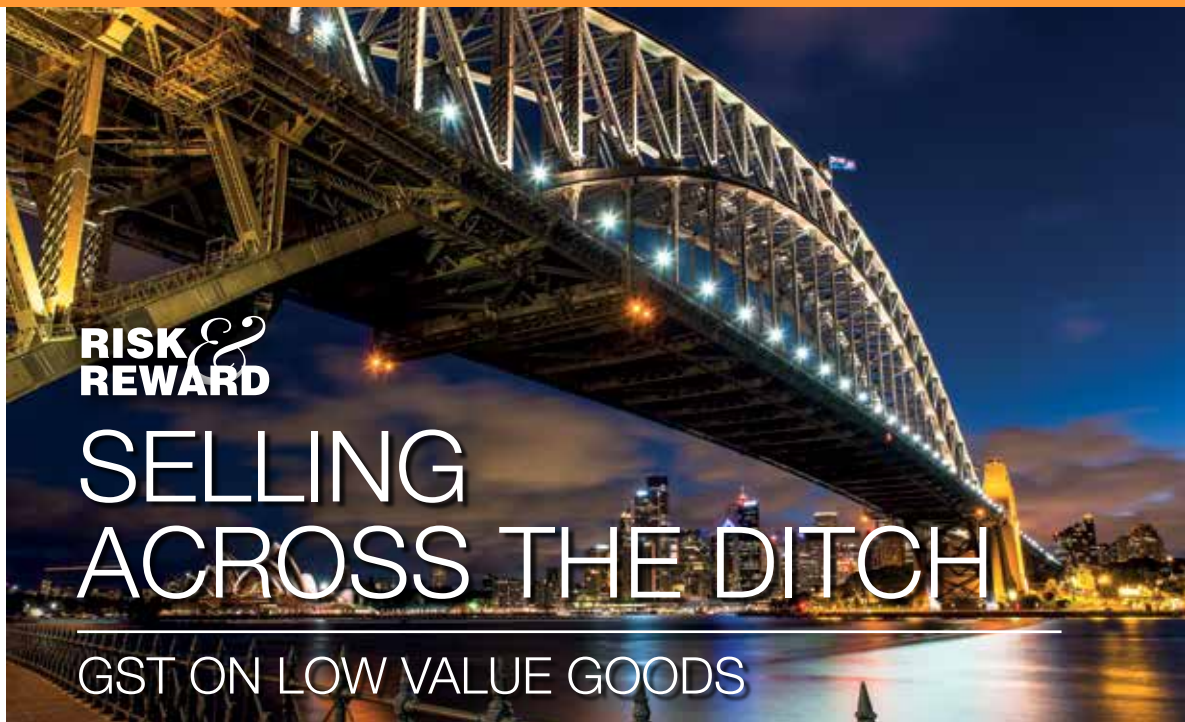
22nd May  
20th June  
20th July

### PROVISIONAL TAX

7th May

### GST

7th May  
28th June



## Do you sell goods to Australia? If so, you may be affected by new Australian tax rules.

At present, goods valued under AUD\$1,000 do not generally have Australian GST applied to them where they are sold into Australia directly to the end customer. However new rules will now apply from 1 July 2017 to impose Australian GST on goods valued at \$1,000 or less ('low value goods'), where the supplier's GST turnover (on low value goods sold into Australia) in a given year exceeds the threshold (\$75,000 for most entities and \$150,000 for non-profit bodies).

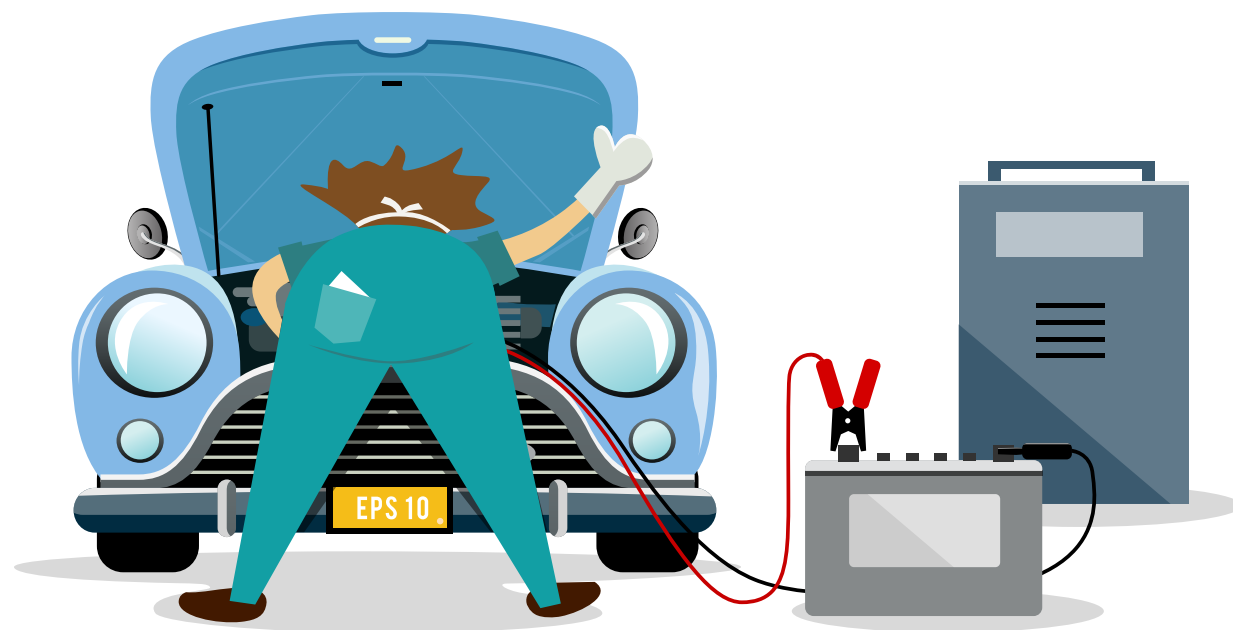
If this sounds like a slice of your business, you will be required to register for Australian GST, charging Australian GST (currently 10%) and remitting it to the Australian tax system. This applies whether your customers purchase goods from you online, over the phone or in person in a retail outlet here where your business ships the goods over to Australia. It applies whether the goods are physically here in New Zealand or sourced elsewhere overseas.

For New Zealand businesses exporting low value goods to Australia, the Australian Taxation Office (ATO) is talking about a GST registration process whereby you elect to be a 'limited registration entity' and return GST that way.

Along with registering for GST, you will need to look at how your software and record systems are set up and rethink your pricing and marketing.

The Bill hasn't been passed yet but it looks as if it will. So if you sell low value goods to Australia and your GST turnover of low value goods sold into Australia is over or close to \$75,000, please contact us to talk about how this might affect your business.





## REPAIRS & MAINTENANCE

**When looking at R&M we consider what is being worked on, and the nature and extent of the work done. So, for instance, if the work done to the asset results in the “reconstruction, replacement or renewal” of the asset (or substantially the whole of the asset) the work will be capital (Accountant - Speak Alert !).**

An example of why this is not necessarily straight forward is the replacement of an air-conditioning unit in a commercial building with a similar performing unit. If the unit had been separately identified and depreciated in the accounts then the replacement would be capital. If it hadn't been separately identified, and instead treated as part of the larger asset of the building instead or an asset on its own, the replacement could be treated as expenditure.

Another example is the replacement of a worn 2 litre engine in a car with a similar engine. The asset is “the vehicle” and the replacement of the engine is repairing the vehicle rather than improving it - the cost of replacement is deductible. The difficulty would come if the most suitable replacement available was a 2.2 litre engine. We may argue that the repair is with the closest equivalent; and any improvement only incidental, the IRD maybe likely to disagree and argue it should be capitalised.

If you are thinking of making a substantial level of repairs and maintenance it pays to check with us first to see how it may be treated for tax purposes; if you are able to claim the entire amount paid in the current year, or if it will be treated as a new asset.



## TAXATION BILL

(Business Tax, Exchange of Information, & Remedial Matters)

**The Taxation (Business Tax, Exchange of Information, and Remedial Matters) Bill was enacted on 21 February 2017 and introduced a suite of processes that aim to simplify business tax. In particular it included changes to:**

- modify the application of use-of-money interest (UOMI) for taxpayers who make all but their last instalment of provisional tax using the standard “uplift” method;
- increase the safe harbour from UOMI from \$50,000 to \$60,000 of residual income tax and extend the safe harbour to non-individual taxpayers (eg Companies);
- allow contractors subject to the schedular payment rules to elect their own withholding rate;
- extend the schedular payment rules to contractors who work for labour-hire firms;
- allow contractors not covered by the schedular payment rules to enter voluntary withholding agreements;
- no longer impose a 1% monthly incremental late payment penalty on unpaid tax from Goods and Services Tax (GST), income tax and Working for Families tax credits overpayment. This amendment states that this will only apply to future tax periods;
- allow certain close companies to elect to use the motor vehicle expenditure rules instead of paying FBT on the value of the benefit provided to shareholder-employees.

*If you think any of the above applies to you and would like to know more, get in touch with your advisor. We are available to assist.*



## Faster GST Refunds

It is now compulsory for Inland Revenue to provide GST refunds by direct credit to a taxpayer's identified account, resulting in faster GST refunds. Obviously it's important that Inland Revenue have your correct banking details. If you would like us to confirm they have your current account details please let us know.

From here on, Inland Revenue will only make GST refunds by cheque if they do not have a customer's bank details or if there are extenuating circumstances, such as hardship.





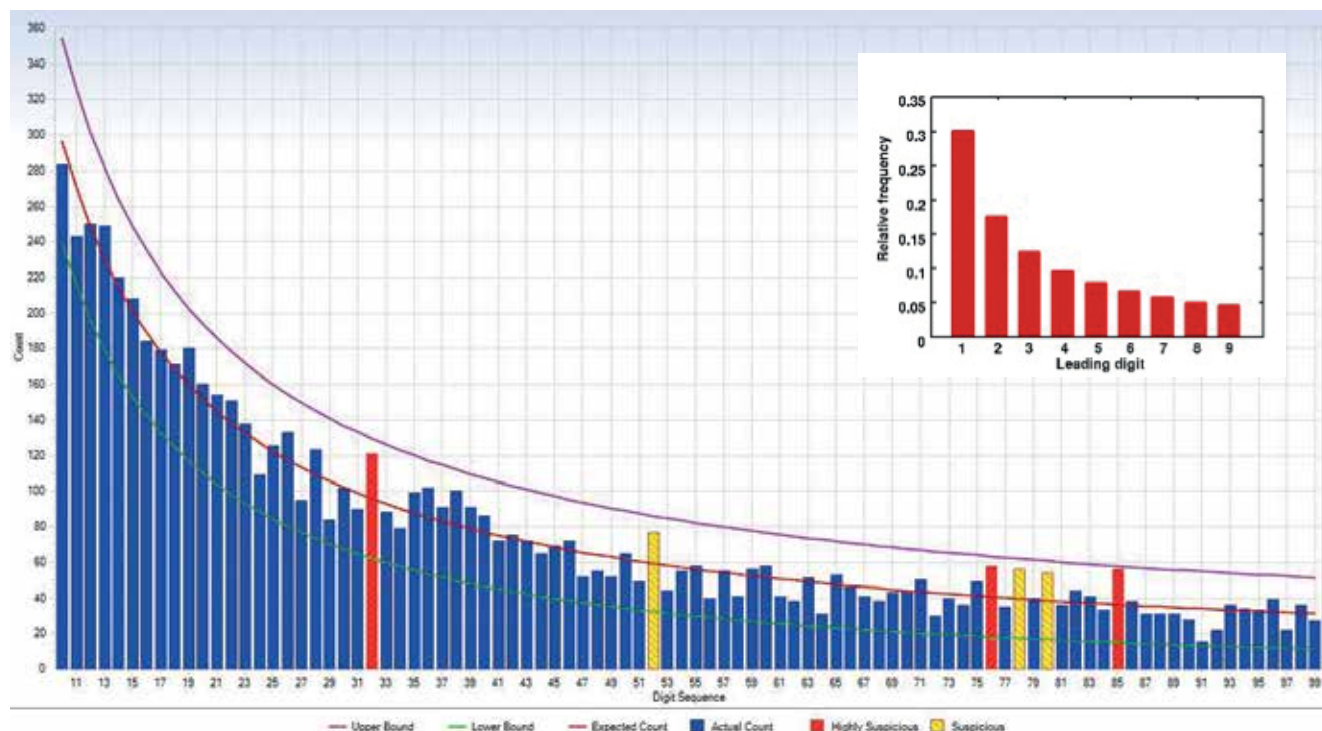


# Data Analytics - Benford's Law

Most naturally occurring sets of numbers follow a strange rule called Benford's Law. This rule predicts how often each number, 1 through 9, will appear as the first, second, third or other digit in the data set. For example, in sets which obey the law, the number 1 appears as the most significant digit about 30% of the time, while 9 appears as the most significant digit less than 5% of the time.

Benford's Law can therefore be used to help discover surprising patterns in transaction activity. People who make up figures deliberately or mistakenly tend to distribute their digits fairly uniformly. We have the software to quickly and efficiently analyse your data to show up any inconsistent results.

In the example below we took a large ledger, extracted the expenditure codes and reviewed the transactions based on the sequence of the first two digits. We identified the numbers 32, 52, 76, 78, 80 and 85 as being either suspicious or highly suspicious. We then discussed this with the business owners to focus their attention on certain transactions within these amounts. This reduced the level of month end review for the managers and business owners from 7500 records down to six sequences totalling 420 records. In the example, there were no mistakes in the entries and the suspicions turned out to be monthly subscriptions. How can we help you?



**Disclaimer:** Although this newsletter has been carefully prepared, it has been written in general terms only. We recommend that you obtain specific advice on matters of concern to you and that you do not rely solely on this newsletter.

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