

AccountingOnline

NEWSLETTER



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FROM THE OFFICE



I may not get a chance to see you before the end of the year, so I'll take this opportunity to wish you all a very happy, healthy and safe holiday period.

We will be closing operations from Friday **19th December**
and starting again in 2026 from Monday **5th January**.

We are also pleased to announce two exciting new tools designed to improve your experience with Accounting Online.

CALENDLY:

We have introduced CALENDLY to streamline appointment scheduling. You can now click on the Calendly link and connect directly to our calendar—booking time for an office visit, a face-to-face catch up, or a phone call. This quick and convenient tool eliminates the need for back-and-forth emails to find a mutually suitable time.

<https://calendly.com/jeanette-accountingonline>

CLIENT PORTAL:

We are rolling out a CLIENT PORTAL to address growing concerns about sensitive documents being shared via email. With the new portal, you and our team can securely exchange documents and complete e-signatures where required. This platform provides a safer and more efficient way to share and sign important paperwork. We will be using this system going forward, and you will receive invitations as documents become available.

TAX

Tax Bill Changes Proposed When renovating a rental could cost you

Often, when a property is bought for rental, the owner will do it up shortly after purchase after it is tenanted.

IRD's view is this cost should generally be added to the amount paid for the property.

Why? Because if it is work the previous owner might have done, it is assumed, if that had happened, you would have paid more for the property.

It is better to plan your maintenance and delay to a point where some wear and tear has occurred while you own it. Don't rush at the beginning.

The following are the factors which should be taken into account when determining whether a maintenance cost should be added to the cost of the property or treated as repairs:

- the time which has elapsed before the repair is undertaken
- the state of repair of the asset at the time it was bought
- whether the asset was in a fit state to use at the time of acquisition
- whether this state of repair of the asset affected its value when you purchased
- intended use of asset compared with previous use

- nature and extent of repair work done
- whether the owner made any use of the asset before or during the repair work.



- **Gift Cards – Open Loop**

Under the current law the correct way to account for tax on “open loop” gift cards is to treat them as a bonus and tax them as wages. An open loop card is one which can be widely used for purchases such as a Visa card.

Many employers were treating the cost of these cards as fringe benefits. For bigger organisations, where the \$22,500 threshold mentioned elsewhere in this newsletter would generally be exceeded, this treatment would not make any difference to the amount of tax collected by Inland Revenue.

This law is to be revised from 16 April 2026. It will become permissible to treat these cards as classified fringe benefits. The exemption available for unclassified fringe benefits will not apply.

Unclassified benefits for employees

You will be aware if an employer makes a gift to an employee, the value of the gift is a fringe benefit. It is an “unclassified” gift, there is an exemption of \$300 per employee per quarter with a maximum of \$22,500 in total for the year.

For example, I give Christmas presents each worth \$200 to all my staff. Provided I don't have too many staff and when I include other gifts during the year, the total value does not exceed \$22,500, I get an exemption from fringe benefits tax.

What happens if instead of making the “unclassified” gift myself, the employee actually purchases the gift and then I reimburse them for the cost? Answer: the reimbursement used to be taxable income, but the law is now being changed from 1 April 2026, and it is to be treated as a fringe benefit.

BRIEFS

FAMILY BOOST

- Maximum eligibility annual household income \$229,100.
- Percentage claim to go from 25% to 40% - maximum \$1560 per quarter.
- Abatement rate drops from 9.75% to 7% for household incomes over \$35,000 per quarter.
- Effective date 1 July 2025 – ref: <https://www.beehive.govt.nz/release/households-get-extra-familyboost-help>

PAID PARENTAL LEAVE RATE

- Weekly payment to become \$788.66
- Minimum rate for self-employed to become \$235 per week.
- Duration – continuous period of up to 26 weeks.
- Effective date 1 July 2025.

GST - Meaning of Secondhand

FACT SHEET IS 25/22 FS1

In calculating the amount of GST payable for a period, a registered person can, if certain requirements are met, claim a deduction for a notional amount of input tax on the purchase of a secondhand good.

One of the requirements is that the good purchased must be "secondhand". The following discusses the Commissioner's view on the meaning of secondhand.

Meaning of Secondhand

1. The concept of secondhand is flexible.
2. Under the ordinary meaning, a good is secondhand when acquired if it is not acquired from the original source (in other words, if it has been previously owned) or has been previously used.
3. Case law has held that a good is secondhand if it has been used or treated or stored by a previous owner in such a manner that it can no longer be regarded as new.
4. "Use" in this context means being used for the good's intrinsic purpose as opposed to being used as trading stock, for example.
5. If a good is acquired from the producer of the good, the good will not be secondhand unless the producer has used the goods themselves (use as trading stock does not count). This is because the producer is the original source.
6. A good is not secondhand merely because it has passed from the producer through the hands of a wholesaler, distributor or retailer of the good, unless one of these persons acquired the good to use themselves (again, use as trading stock does not count). It would be unnatural to describe a good being supplied by such a person as being supplied by the person secondhand.
7. A good will be secondhand when supplied by a person if the person produced or acquired the good intending to use the good themselves (as opposed to producing or acquiring the good as trading stock). In this case, a good can be secondhand even if the person has not used the good. If they actually use the good, it is secondhand on that basis as well.

This is illustrated in the example below.

EXAMPLE

ABC Wines recently ceased its GST registration. Before it ceased its registration, ABC Wines purchased a new bottling machine. The machine is still in its shipping container and hasn't been used. On cessation ABC Wines is deemed to take a supply of all its assets, including the bottling machine.

Subsequently, as an unregistered person, ABC Wines sells the bottling machine to another winemaker, XYZ Wines.

XYZ Wines is able to claim a secondhand goods input tax deduction. The machine is secondhand because of ABC's previous ownership. Previous ownership is relevant here because ABC acquired the machine to use itself.

Ignoring a tax debt won't make it go away

If you have a GST or Employer Tax debt, Inland Revenue (IR) wants you to start repaying it now. Ignoring your debt will not make it go away.

Expect a call from Inland Revenue

If your business owes more than \$1,000 in tax debt that is between 6 months and 5 years old, you might receive a call from IR soon.

They will:

- tell you how much debt you have
- remind you that penalties and interest are starting to increase
- encourage you to pay your debt in full or set up an instalment arrangement.

MORE THAN \$10,000

If your GST and/or employer debt (EMP) is more than \$10,000, IR will remind you of your tax obligations and the possible legal consequences of ignoring them.

Most businesses stay on top of their tax obligations, but if you've fallen behind it's important to act now.

Ignoring it will only make things worse.

WHAT IR WILL DO

1. IR will call you first. They'll leave a message if you don't answer their call.
2. If you don't respond to their message, they'll make one more attempt to contact you, but won't leave a message.
3. If you still haven't responded, they may visit you in person.

OTHER OPTIONS IR WILL USE

If you don't agree to pay your debt in full or set up an instalment arrangement, there are 2 other options that IR can use to resolve the debt.

They can:

- take money owed directly from your bank account
- start insolvency proceedings.

CONTACT IR TO SORT YOUR DEBT OUT

You can start to sort your debt by talking with IR when they call.

You can also use your Ymir account to make a payment by selecting the 'Make a Payment' link for each overdue tax type.

Or you can set up an instalment arrangement if you're unable to pay the full amount.

myIR Inland Revenue

<https://myir.ird.govt.nz/>

Make a Payment
Inland Revenue

<https://www.ird.govt.nz/managing-my-tax/make-a-payment>

Apply for an instalment arrangement
Inland Revenue

<https://www.ird.govt.nz/arrangement>



NEW LOOK XERO HOMEPAGE

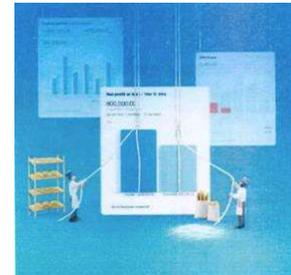
Your new look homepage is here – see financial insights at a glance.

Xero have collaborated with over 33,000 Xero customers like you to build a more intuitive and insight-rich experience. The new homepage (previously called the dashboard) is designed to give you a comprehensive view of your financial performance, making it easier to understanding your business and helping you to take action faster.

Key enhancements include:

More insights

Xero have supercharged the core widgets you rely on frequently and have introduced powerful new ones including a **tasks** list, **recently paid invoices** and **net profit or loss** widgets, to surface the financial insights that matter most. This helps answer your critical business questions at a glance.



Customisable view

You can tailor your experience with drag-and-drop layout options to show, hide, resize and reorder widgets, ensuring your priorities are always front and centre. Your layout is unique to you and won't affect how others in your organization see theirs.



You can take the transition at your own pace. To support this, Xero are launching a switchback option. This provides the flexibility to revert to the old dashboard, though it will refresh to the new experience after 24 hours – a design meant to help you become quickly comfortable with the new features.

To get started:

- **Get a sneak peek:** Try out the new experience any time using the Demo Company in Xero.
- **Want to learn more?** To find out more about the new experience, visit the **Xero website**.
- Need support? You can always visit the **Xero Help Hub** on **Xero Central**