

Newsletter

December 2019

DB CHARTERED
ACCOUNTANTS LTD



Contents:

- Ensuring correct tax payment details.
- Words of wisdom.
- New Trusts Act 2019.
- New Healthy Homes Standards for residential rentals.

In this newsletter we cover details to ensure that your tax payments do not go missing, details of the new Trust Act 2019 and details of the Healthy Homes Standards for residential rental properties. We also have a book review and upcoming tax dates.

CHRISTMAS CLOSE DOWN REMINDER

Our office will be closed for the Christmas break from midday Friday 20 December 2019 and will re-open on Wednesday 15 January 2020.

The October/November 2019 GST Returns are required to be paid and filed with the IRD by 15 January 2020. If we complete your GST Returns on your behalf please ensure that you have your information to us so we can complete the return before the Christmas break.

PAYING TAX ONLINE

Paying tax online is a simple process that can be done via your banks website or app. This can be done by selecting Inland Revenue as a payee which will appear when searching for a payee or by selecting 'pay tax'.



When making a tax payment online to IRD please ensure that it has the correct details;

Income Tax

Particulars	The IRD number of the individual or entity that is paying the tax. This will be a 9 digit number. If you have an 8 digit IRD number put a 0 at the beginning.
Payee Code	Account and (space) period. For example INC 310319 or INC 310320
Reference	Leave Blank

GST

Particulars	The IRD number of the individual or entity that is paying the tax. This will be a 9 digit number. If you have an 8 digit IRD number put a 0 at the beginning.
Payee Code	Account and (space) period. For example GST 301119
Reference	Leave Blank

Don't wait for an opportunity.

Create it!

WORDS OF WISDOM

These five steps for success was recently provided to us by a loyal client of many years.

Steps for success:

1. Believe in yourself.
2. Have a strategy or plan of what you want to achieve.
3. It won't be easy, but keep believing in your ability.
4. If one door shuts, don't give up, another opens.
5. I was blessed to have a very supportive wife which made my journey achievable.



TRUSTS ACT 2019 – DO YOU HAVE A TRUST? ARE YOU A TRUSTEE?

The new Trusts Act 2019 will come into force from 30 January 2021. While this is 12 months away there are a few new matters that Trustees will need to consider. Some of these are noted below.

Term of Trust

Historically the maximum term for a Trust was 80 years. This has been modified to 125 years. Some Trusts may already have a set final distribution date which will determine when it is to be wound up. Without a final distribution date the Trust will be able to continue for 125 years.

Mandatory Duties of all Trustees:

- Know the terms of the Trust
- Act in accordance with the terms of the Trust
- Act honestly and in good faith
- Act for the benefit of beneficiaries and permitted purpose of the Trust
- Exercise Trustee powers for proper purpose

“Default” duties - are other duties the Trustees must abide by unless permitted otherwise by the Trust terms. These include duty of care, duty to invest prudently, not to exercise power for own benefit, not to commit Trustees to future exercise of discretion, duty to avoid conflict of interest, impartiality, not to profit and duty to act unanimously.

Recordkeeping

Every Trustee must hold a copy of the Trust Deed and any subsequent variation. Trustees are also required to ensure that at least one Trustee holds other Trust documents including records of the Trust assets and liabilities, records of trustee decisions, written contracts entered into, accounting records and financial statements, changes to Trustees, memorandum of wishes and any other relevant documents. Documents must be kept for the duration of the Trust.

Notifying beneficiaries of Basic Trust information

The basic information that is to be given to beneficiaries includes the fact that the person is a beneficiary of the Trust, the name and contact details of the Trustee/s and the fact that the beneficiary has the right to request a copy of the terms of the Trust or “Trust Information”.

Trust Information is defined as “any information regarding the terms of the Trust, the administration, or the Trust property and any other information reasonably necessary for the beneficiary to have to enable the Trust to be enforced”. This information will only need to be provided when requested and will include a copy of the Trust Deed.

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Being required or requested to provide the above information will not necessarily mean that a beneficiary is entitled to a copy of the financial statements as these do not automatically fall within the definition of Trust Information however the Trustees may need to consider this.

Presumption

Before releasing any “Basic Information” or other “Trust Information” Trustees must consider whether Trustees should release this information. Reasons for not releasing information include degree of a beneficiaries interest in the Trust, personal or commercial confidentiality, intentions of the settlor at time of Trust establishment, age and circumstances of the beneficiary, effect on trustees, beneficiaries, third parties, family relationships, nature and context of the request among other matters. If none of the above apply, trustees will be expected to pro-actively provide Basic Trust information and then other Trust Information when requested.

While the above will be the main changes for Trustees to consider there are also updated rules for appointment and removal of Trustees, termination of Trusts (including allowing consent by all beneficiaries), court powers and alternative disputes resolution process.

The above requirements will require Trustees to ensure they know the terms of the Trust Deed and ensure they are following these terms. Trustees will need to know where the Trust paperwork and documentation is held and in due course Trustees will need to turn their mind to what information will be provided to beneficiaries and consider any reasons why information will not be provided. No doubt we will see more discussion on this in the coming 12 months.

HEALTHY HOMES – RENTAL REGULATIONS

The new healthy homes standards (HHS) are now law and landlords will need to comply by the due dates which begin on 1 July 2021. These apply to all private landlords and boarding houses.

The new HHS as follows:

- **Heating:** There must be a fixed heating appliance that can heat the main living room to a regular temperature of at least 18 degrees Celsius. Appliances that are inefficient, unaffordable or unhealthy will not meet these requirements.
- **Insulation:** All homes require the minimum ceiling and underfloor insulation this must meet the code of either the 2008 Building code for existing insulation or have a least 120mm of thickness.
- **Ventilation:** The house must have opening windows in the main living areas such as the living room, kitchen, dining room and bedrooms.
Extractor fans or fans are also required in all rooms that have a bath or shower or indoor cooktop.
- **Moisture ingress & drainage:** There must be efficient drainage and guttering, downpipes and drains.
- **Draught Stopping:** There must be no unnecessary gaps or holes in the walls, ceiling, windows, floors and doors that cause noticeable draughts. All unused chimneys and fire places must be blocked.



What do these changes mean?

It means that, for all new and renewed tenancy agreements, landlords must provide a separately signed statement confirming that they intend to comply with the healthy homes standards by 1 July 2021.

All other private rental properties need to comply with HHS by 1 July 2024.

Landlords that fail to comply with the above new regulations from 1 July 2021 will be committing an unlawful act and may be liable for exemplary damages of up to \$4,000.

BOOK REVIEW

The Sophisticated Property Investor – Jeff Brill 2018.

This book looks at commercial property investment from a NZ point of view. It covers determining the rate of return and how value is calculated, the common terms and conditions of a lease (as this is the main document that confirms the income the landlord will receive) and what to watch out for when negotiating a new lease. The book provides ideas on how to increase rental returns over a period of time (which in turn increases the property value). It considers what to look for when investing in commercial property and how to go about building a commercial property portfolio. If 100% direct ownership is not your thing it has a brief commentary on syndication and listed NZX property listed Companies.



JOKE #1



JOKE #2

I asked my daughter if she'd seen my newspaper.
She told me that newspapers are old school.
She said that people use tablets nowadays
and handed me her iPad.
That fly didn't stand a chance!

IMPORTANT TAX DATES

- 15 January** 2020 Provisional Tax Due (2nd instalment) October/November GST Return Due
- 7 February** 2019 Terminal Tax due (if no extension of time with IRD)
- 28 February** December/ January 2020 GST Return Due.
Provisional Tax due for GST Ratio option tax payers.
- 31 March** Final date for Ratio Option Provisional Tax applications
- 7 April** Final date for 2019 Terminal Tax due



MERRY CHRISTMAS

Thank you for your support over the past year. From all of our team, we wish you a Merry Christmas and a safe and Happy New Year from David, Emma, Elaine, Gaylene, Pam, Karen, Kathryn and Tyler.



If you would like to discuss anything mentioned in our newsletter please contact us at:

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