

TAXTALK



Phone Phishing Scam

Over the past two weeks Inland Revenue has received reports of a telephone phishing scam from several hundred customers around New Zealand.

The scam calls have been made to landlines and mobile phones, with messages being left on voicemail if the calls haven't been answered. The callers state that they are from the Inland Revenue Department and the following scenarios have been reported, that the customer:

- is wanted for historic tax evasion or tax avoidance
- has a red flag on their file
- is in debt

and they or their lawyer must return the call as soon as possible. Some customers have been told to make a payment via Western Union within 30 minutes, or risk arrest.

They are often told to ring a Wellington number—(04) 830 2441—and recommended to speak to a “Kenneth Mathews”, “James Matthews” or “Kevin Sousa” to arrange an immediate payment so as to avoid serious repercussions.

Customers have reported the callers as having “foreign sounding” accents, with many different accents reported. Sometimes the caller is female. The callers are very confident and convincing, and we have received anecdotal reports that some customers have been taken in and paid significant sums of money to the scammers.

Some customers have called the number referred to above and reported the background as sounding like a Contact Centre environment with multiple accents.

These customers have also reported the callers as becoming angry and aggressive when challenged.

We would like to remind all customers that Inland Revenue staff would not leave messages like these.

If you receive a suspicious email, SMS scam message or a fraudulent call, please email phishing@ird.govt.nz and include:

- the email received, or
- the number that the text message or phone number (Caller ID) originated from (if not blocked)
- any names and call-back numbers given by the text sender or phone caller
- details about the scam including:
 - * the amount of tax refund quoted
 - * the reference number
 - * the information requested, and
 - * any other relevant information.

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Reading ACC invoices



From 1 July, businesses will start to receive their recently redesigned ACC invoice.

The key design changes include:

- an improved layout
- simplified design
- fewer pages
- the removal of unnecessary colours.

More information about the invoices, including examples, are available on the ACC website.

ACC worked with customers, and ACC staff who deal with business customers every day, to include their feedback while redesigning their levy invoices. The result is an invoice that is clearer and easier to read, while keeping all the information businesses need.

Share your feedback about the new design with ACC at feedback@acc.co.nz.

Taking care of business events

Business events are being held around New Zealand, giving owners and managers an opportunity to talk directly with the government agencies they deal with day-to-day.

"Taking Care of Business: Government Supporting Your Business" is a series of 16 events being held around the country from June to October.

The aim of "Taking Care of Business" is to make that interaction easier and more efficient so you can get on with the business of being in business.

At these events, experts from several different agencies, including Inland Revenue, will outline government support available for businesses, discuss new legislation and how to comply, and answer any questions business owners might have.

Register now for the event nearest you on www.mbie.govt.nz



Finding out what the future tax could look like

IRD want to make managing tax faster and easier for small businesses.

IRD's new "Changing for You" website shares ideas for the future of tax in four areas:

- starting a business
- employing people
- filing and paying PAYE and GST
- calculating income tax.

Visit this website for more information:

www.changingforyou.ird.govt.nz



Chocolates prove to be the right sweetener



A South Island company sent a box of handmade chocolates as a thank you when they delivered an order.

The company makes furniture.

It's different from its competitors. It doesn't only send the chocolates after it has delivered the goods, but it sends another box a year later and so on.

Is this a good idea? We think it's brilliant. Some people will include a present as part of their after-sales service, but whoever thought of repeating the present several times. This is what happened.

"We got a box of handmade chocolates from ...," the customer was saying to someone who also needed some furniture. "Come up and I'll show what we bought," she said. "You can go on the internet and see their full range."

The friend placed an order worth \$5000!

When you've made a good sale, keep in touch with the customer. You're looking for referrals.

Q: Is there an exemption from FBT on a motor vehicle when the employee is on holiday?

A: Depending on circumstances you may be able to – read more below

Inland Revenue's fringe benefit tax (FBT) guide states that when a vehicle is unavailable for at least one complete 24-hour period the employer can claim an exemption from goods and services tax (GST).

If an employee is on annual leave and goes away from home for a period longer than 24 hours and does not take the car, can these days be excluded from the FBT calculation?

Section CX 6(4) of the Income Tax Act 2007 relates to the exclusion from FBT for employee absences away from home. This section applies only when the employee is absent from home with the vehicle (or the vehicle is at the airport) for a period of at least 24 hours continuously and the employee is required as part of their employment to use a vehicle and regularly to be absent from home. There is no exemption from FBT when an employee is absent from home on annual leave.

However, the calculation of the FBT liability is done on a "days available" basis. That is, the FBT liability is based on the number of days in the period for which FBT is being calculated that the motor vehicle is available for the private use of the employee. A "day" for these purposes is:

- * a 24-hour period starting from a time in a day that a person who owns or leases the vehicle chooses, or
- * a 24-hour period starting at midnight if the above does not apply.

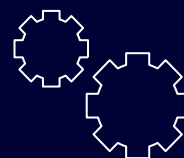
The employer must choose a starting point for the day that is a whole number of an hour after midnight and notify the Commissioner of their election when filing the next FBT return relating to the vehicle. This election is effective from the start of the quarter, income year or tax year to which the FBT return relates and applies to all vehicles in relation to which the person files an FBT return.

Therefore, when a motor vehicle is unavailable to an employee for the elected 24-hour period, no FBT liability will arise with respect to this 24-hour period (day). However, it is necessary that the vehicle is unavailable to the employee. The employer would need to advise the employee that the vehicle is not available for the employee's private use and take steps to ensure the employee was prevented from using the vehicle. If the car remains parked at the employee's home or at the airport while the employee is on annual leave, it would still be considered to be available for the private use of the employee.

REFERENCE:

Income tax Act 2007, ss CX 6(4), RD 30.

Source: CCH/TEO Question and Answer Service



TAX SOLUTIONS

If you've got a business which involves paying staff & you are getting into financial difficulty, pay your PAYE immediately it is due.

Recently a taxpayer was initially sentenced to 14 months in jail because he used \$120,000 of PAYE to fund his business instead of paying it to IRD. Although the businessman admitted he was at fault & had attempted to come to an arrangement with IRD, the High Court, reducing the penalty, still made him do 300 hours community service & four months of home detention.



WEB SOLUTIONS

A blowout in your consumption of uploading & downloading data on the internet could be because of several factors.

If you don't usually send or receive large quantities of data, consider checking the router. One small businessman upgraded to ultra-fast broadband in October last year & while he was on holiday the following May there was a sudden surge in his uploading.

Since he was not using the computer, this was a little odd. A tech checked everything before blaming the supplier. Eventually, he connected the computer directly to the cable modem and shut down the router. The uploading problem immediately vanished.

It appears the quality of the router supplied was highly suspect. The broadband supplier agreed to replace it. But in the meantime, a lot of money had been spent on sorting out the problem. It was unrealistic to claim this back from the broadband supplier, who caused the problem, for some fairly obvious reasons. A month after starting to use the new router, usage has dwindled.

Our recommendation: If you strike this problem, try & isolate it to one device. Your router might be faulty & that's your internet service provider's responsibility. It's all too easy for large ISPs to supply cheap, poor quality routers. You pay. They don't. A review of the last six months usage in our example showed the fault had been there probably from the beginning.

Website **not** always the answer

If you're in business, you've got to have a website, right?

Well, maybe. While websites are certainly important marketing tools, it's better to have no website than a bad one. Too many small businesses are drawn into the idea that they must have a website at all cost. But what cost? Let's look at four of the issues that can lead to poor websites.

Time: If you don't have the time to update your website regularly, don't have one. Likewise if you don't have the time to set it up with the content you really need (& not what a web designer thinks you need). Regularly updated websites rank highly on search engines and give visitors a reason to return. But some researchers say about 65% of small business owners find updating their website a problem. If that's you, allocate the time each week, get help from someone who can write content, or minimise the website to a home page with only contact details and something about your business.

False economy: Websites can nowadays cost very little in monetary terms, but even when they're free, they'll cost you in the long run if they're not maintained. You'll look unprofessional & you could lose business, or fail to attract business you really should be attracting.

It's also false economy to spend big money on a fantastic website that no one visits. You'll need to look at how to drive people to the site.

Poor content: You know your business, so get it right first time. Ask around so you get the best advice. Make your site engaging and have impact. Use photographs whenever possible. Ensure spelling and grammar are correct.

Management: If you have to rely on a web agency to manage your site, be prepared to pay (as you should, they're in business, too). It's best if you can manage your site content yourself so you have control. Choose your website manager carefully – if the web company closes down or the manager in your own business leaves, how will you maintain the site?



Quick Quote

Life's problems wouldn't be called "hurdles" if there wasn't a way to get over them. ~Author Unknown

Resident Land **withholding** Tax

Starting 1 July 2016 RLWT may be deducted from some residential property sales/disposals.

RLWT will generally apply to New Zealand residential property:

- owned (or part owned) by an offshore RLWT person, and
- purchase/acquired on or after 1 October 2015, and
- sold/disposed of within two years of purchase.

If you purchased/acquired New Zealand residential property on or after 1 October 2015 and you sell/ dispose of it within two years you need to declare if you're an offshore RLWT person.

You'll need to do this by completing a Residential land withholding tax declaration (IR1101) form. The IR1101 confirms if RLWT will be deducted from the sale.

If you're a lawyer or conveyancer, you may have obligations to withhold RLWT from the property sale/ disposal.

Stephen Larsen and Co

TAX AND BUSINESS ACCOUNTANTS

Important: This is not advice. Clients should not act solely on the basis of the material contained in the Tax Talk Newsletter. Items herein are general comments only and do not constitute nor convey advice per se. Changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The Tax Talk Newsletter is issued as a helpful guide to our clients and for their private information. Therefore it should be regarded as confidential and should not be made available to any person without our prior approval.

PO Box 5161, 74 Bourke Street, Palmerston North 4441

Phone: 06 357 7011 Fax: 06 353 6430

Email: info@stephenlarsenandco.co.nz

Website: www.stephenlarsenandco.co.nz



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We care about your Business Prosperity