

## DON'T SELL ANYTHING BEFORE TALKING TO US!!

Well except your old treasures on trademe....but seriously don't panic about the new law changes around residential rental properties. Firstly we don't have all the fine print yet, and secondly the term "new build" hasn't been defined, but currently the info to hand is:

New builds – you can still claim interest as an expense against your rental income. Also the Brightline Test is 5 years, meaning if you sell your residential rental property within 5 years you pay tax on the profit.

If not a new build – no tax deductible interest claim and the Brightline test is 10 years.

We don't feel this is reason enough to panic sell your property as:

- Interest rates are still very low, most properties are now cash positive meaning there is available money to pay for any income tax.
- Capital gains are very high currently.
- Need to make sure you are outside the Brightline test before selling
- You could have ring-fenced losses from the last 2 years to offset against potential annual rental property profits.
- Rents will most likely increase to cover "landlords tax"
- Interest claims are being phased out over 4 years so it is a gradual process.

In other news – if you have a trust, there have been significant changes in the law also. Please talk to your lawyer in the first instance as they set it up, and it is important that your reason you set up the trust in the first place is still valid. Then we can chat about assets you hold in the trust and the implications of selling them out.

The minimum wage is now \$20 for adult employees 16 years and over, as from 1 April 2021.

If you haven't been able to pay your income tax by due dates due to effects of COVID-19 please tell IRD or us so that we can apply for reprieve from interest and penalties.

Likewise if you think your profits for this year will be less than last year, lets do your income tax calculations as soon as possible. If you get your information into us promptly we could get these prepared prior to 7 May (being the last payment date for 2021 provisional tax).

Throughout most of last year we are able to write-off asset purchases up to the value of \$5,000, however now it is back to \$1,000. This was a CV19 initiative by IRD.

We have just converted our entire practice to Xero accounting software, so if you are looking at changing your software we encourage you to go to [xero.com](http://xero.com) and check out their demo version. Happy to assist you with this in any way.

If you want to increase your turnover – word of mouth referrals are still the best source. Good clients refer good clients. For those women out there - we run the South Island Venus womens networking group. So if you are interested in being part of a supportive, educational, fun group of women discussing business each fortnight, check us out [venusclubs.co.nz](http://venusclubs.co.nz).

For your convenience we have 2 offices, our main office in Riccarton and our second office in Conway Lane, Rangiora.

We love all your referrals – please keep them coming.

Attached are details of what information we need at 31 March 2021. Please have a look at Tax Return Info and if you have rental properties also take a look at Rental Questionnaire and take action as necessary. The earlier your information is in, the quicker it gets processed and you then know your tax commitments for the coming year.

### **ABOUT US!!!**

I believe we offer the best service in Canterbury – always available, prompt response to any enquiries, work performed accurately in a timely manner, always pleased to answer any questions, we have never had a stupid one yet. The only stupid ones are the questions that people don't ask.

We want your feedback. Like most people we love hearing how great we are and how fabulous our staff are, but if we haven't lived up to your expectations let us know that too.

We want to be your first call any time with any financial questions, whether you are buying or selling assets or a business, looking for mortgage finance, anything at all. We are always pleased to hear from you, and we would like more clients like you! Please keep sending your referrals.

Remember we are a small business too, same as you, chances are we have come across the same issues that you are dealing with. We can help! We don't claim to know everything but over the years have developed a trusted network of advisers that we can share with you. These include: database, marketing advice, insurance/superannuation/ACC, occupational health & safety, legal advice, employment contracts and law, finance and customer finance, credit control/debt collection, business & property valuations, property

## Raelene Rees

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management, website development, payroll management,  
mentor/business/life coach, computer hardware & software training/support,  
importing/exporting, trusts, strategic positioning, grooming your business for  
sale – the list goes on.....