



# The Tax Lady

Accounting Services for Small Business  
[www.thetaxlady.co.nz](http://www.thetaxlady.co.nz)

## Client Newsletter [August & September 2016]

### Resident Land Withholding Tax

When the Government introduced the “bright line” test for the sale of residential property from 1 October 2015, it required income tax be paid on any gains made from the sale if the property was bought and sold within two years.

Inland Revenue has published some policy information on the Residential Land Withholding Tax (RLWT) on its website with full details to be published soon too. However, RLWT came into existence from 1 July 2016 for certain residential property sales where the vendor is a foreign investor as defined.

The rate of tax is the lower of:

- 33% of the vendor’s gain on that property (i.e.  $33\% \times (\text{agreed total sales price} - \text{vendor’s acquisition price})$ ); and
- 10% of the total purchase price of that property.

A conveyancer or solicitor involved in the transaction would be required to withhold as the withholding agent and pay the required amount to the Commissioner. There could be penalties for non-payment. The withholding agent will have to register as an RLWT agent with the Commissioner.

The RLWT is required to be withheld before any other amounts are disbursed in relation to the sale of the property. RLWT is not a final tax and is claimable as a tax credit in the vendor’s income tax return.

### Employee share schemes (ESS)

Employers often provide benefits to employees in the form of employee share schemes (ESS).

Currently, these are classed as employment income but do not get taxed under the PAYE or FBT rules. Instead, employees file an IR3 individual income tax return to account for the tax.

From 1 April 2017, employers will be able to choose to treat ESS benefits as an “extra pay” and can choose whether or not to deduct PAYE from the ESS benefits. In most cases the value of these benefits must be included on the Employer monthly schedule (IR348/EMS).

Contact us if you want to discuss your particular circumstances.

### Inland Revenue websites and social media pages

The Inland Revenue Department has prepared information setting out the conditions of use for their websites and social media pages. These are set out on their website. The information relates to the following web and online services owned and operated by Inland Revenue:

- [www.ird.govt.nz](http://www.ird.govt.nz)
- [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz)
- [www.whatstax.govt.nz](http://www.whatstax.govt.nz)
- [www.changingforyou.ird.govt.nz](http://www.changingforyou.ird.govt.nz)
- Twitter: @NZInlandRevenue
- Youtube: InlandRevenueNZ
- Facebook: Student Loans NZ - Inland Revenue

If you access or use any of these websites or social media pages, it is important that you are aware that you are considered to have consented to the Inland Revenue Department's conditions of use.

## Leadership

A world-wide study of 15,000 failed businesses indicated that ineffective leadership was present in 70% of business failures.

In today's economic climate, we are seeing an increased focus on business owners to improve and sharpen theirs and their employee's leadership skills.

But what is leadership and why the increased focus?

## What is leadership

Leadership is the art of motivating people to act. It includes:

- Managing with energy and enthusiasm
- Giving employees a sense of purpose and direction
- Planning for success
- Dishing out praise and encouragement
- Creating opportunities for employees
- Demonstrating confidence and faith in employee's abilities
- Encouraging and setting achievable tasks
- Developing a collective vision

## What Leadership Is Not

- A position: Almost anyone can be elected, selected, anointed, self-appointed, promoted, or succeeded.
- A personality: Giving too much power to one individual is detrimental to the leader, to the followers, and to the cause. Build collective leadership, not personality cults.
- Being indispensable: Effective leadership is being dispensable. The mark of a true leader is demonstrated by the fact that the show must and can go on without them.
- Blaming others: Leadership primarily is about taking responsibility for the decisions you make or fail to make.

The speed of technological, social, and economic forces is compelling employers to target leadership as a way to keep up.

Some of the local challenges from employers include:

- Global businesses entering local markets
- Growth of strategic alliances amongst organisations that were previously competitors
- Acceleration of information and customers access to it
- Daily innovations in technology
- Changing demographics of both customers and the workforce
- Flattening of organisation, increased workloads and expanding skill requirements.

With customers increasingly having a wider range of businesses that they can do business with, everyone in the organisation must take responsibility for taking responsive actions when required.

This means that employers need to encourage leadership everywhere in their organisation. Leadership is about understanding what is happening, and developing and implementing an appropriate response.

Watch this space as we will be touching on various aspects of leadership and its importance to personal growth, the growth of team members and setting a growth platform for your business in the coming months.

Important: This is not advice. Clients should not act solely on the basis of the material contained in the Client Newsletter. Items herein are general comments only and do not constitute or 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 Client Newsletter is issued as a helpful guide to 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. 04/2016.