

Skipper Lay has launched its new website. If you haven't done so already visit [www.skipperlay.co.nz](http://www.skipperlay.co.nz). We recommend you visit the site regularly as its content will grow and grow. It also includes a Blog where we post brief comments regarding matters that are likely to be of interest to our clients. For example, a recent Blog post advised that the new Mixed Use Asset rules had now become law.

#### Mixed use asset rules

The mixed use asset rules apply to assets such as holiday homes, aircraft and boats that are used to earn income for their owners as well as being used privately. They do not apply to motor vehicles or other assets used concurrently for private and business use (such as a home office). The rules apply to holiday homes from 1 April 2013 and to other assets from 1 April 2014. Mixed use assets held by individuals, partnerships, trusts and close companies (companies with 5 or fewer natural persons as shareholders), look through companies and qualifying companies will be subject to the new rules.



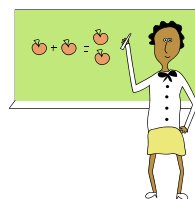
Under the old rules, a taxpayer would claim deductions for expenditure incurred while the asset was available for rent/hire. So, if in a year the owners used the bach for 30 days (private use) and for the remainder of the year it was listed with an agent as available for rent, only  $\frac{30}{365}$  of the annual expenditure in respect of the asset would be treated as non-deductible from the rental income received. Put another way, almost 92% of the expenditure would have been deducted.

Under the new rules, owners of mixed use assets will be required to apportion their deduction for expenditure based on the following:

$$\text{Expenditure} \times \frac{\text{Income earnings}}{\text{Income earning days} + \text{private days}}$$

In this case, if the owners used the bach privately for 30 days and rent it out for 30 days only 50% (30/60) of the expenditure incurred in earning the income would be available for deduction.

As with all things tax, there are a few fish hooks in the new rules. One example being, if the gross income derived from the asset is less than 2% of the value of the asset, then the loss is quarantined and carried forward for offset against future income derived from the asset. This is only one example, so please get in touch to discuss how these rules will impact you.



#### Client Training seminars

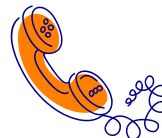
We are rapidly approaching our third client training seminar for the year. Our earlier seminars on ACC and Insurance and another on Payroll have been well attended and full of

useful information. Our next seminar is targeted at those who are thinking on going into business for themselves or are quite new to business and would like a refresher. The seminar will be on Wednesday 25 September at Skipper Lay's offices. As always, we are happy for you to recommend this seminar to your contacts if they would be interested in attending. Please contact Jo ([joanne@skipperlay.co.nz](mailto:joanne@skipperlay.co.nz)) if you would like more information.

#### Talking of ACC...

ACC levies will not be rising this year. That is not the only good news. If you run a safe work environment, you may be eligible for a Workplace Safety discount of 10%.

Previously these discounts were only available to those engaged in 7 high risk industry groups (forestry, construction, agriculture, fishing, road transport, waste industry and motor trades). From 1 April 2013 the programme was extended to include all businesses. We can help you with the paper work required, so give us quick call.



#### Important Dates

##### 20 August 2013

- Employer monthly schedule due for small employers
- RWT return due for deductions from dividends and deductions of \$500 or more from interest paid in July

##### 28 August 2013

- 1<sup>st</sup> provisional tax date for the 2014 year for those with 31 March balance date
- GST return for the July period end due for filing and payment

#### SLA news

Boo Hoo! Our wonderful Girl Friday, Tash will be leaving us at the end of August. It has been fun having you around Tash and we are pleased that you are only leaving us because your husband's business is going so well and he needs your help. Thanks for all your help!