

# Tax Talk Bites | August 2019

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In tax talk bites, we briefly comment on items of interest to readers.

Inland Revenue have recently updated various rates, which we outline below:

## Motor Vehicles

The kilometre rates for 2019 are:

Vehicle Type	Tier One Rate	Tier Two rate
Petrol or Diesel	79 cents	30 cents
Petrol Hybrid	79 cents	19 cents
Electric	79 cents	9 cents

Tier One rates can be used for the first 14,000 kilometres of travel (this threshold includes both business and private use), while Tier Two rates are used for travel beyond the first 14,000 kilometres.

Employees can be reimbursed using these rates, with Tier One rates available for the first 3,500 kilometres of reimbursement and Tier Two rates available for travel beyond the first 3,500 kilometres. If the employee keeps a log book, they can potentially claim a higher number of kilometres at the Tier One rate.

AA rates and actual costs can also be used as an alternate when claiming a deduction or reimbursement for vehicle used for business purposes.

## Home Office Deduction

The square metre rate for 2019 is \$41.70 per square metre. The square metre rate can be used to claim a deduction where you use part of your house for business purposes. Note this does not include mortgage interest, rates or rent which can be claimed as an additional deduction on a pro-rata basis.

## Use of Money Interest Rate

From 29 August 2019, Inland Revenue use of money interest rates will be changing. The debit rate (that is, the rate you pay to Inland Revenue) will be increasing from 8.22% to 8.35% per annum, while the credit rate (that is, the rate Inland Revenue pays you) will be decreasing from 1.02% to 0.81% per annum.

If you have any queries about the above rate changes, please contact your Baker Tilly Staples Rodway advisor.