

# Newsletter March 2015



## 2015 Questionnaires:

Enclosed with this newsletter are the 2015 questionnaires and checklists. **Please be sure to go through these to ascertain which records you need to bring in with your work and to make sure that you have taken any required action/s at year end, eg, counted stock, and noted lists of debtors and creditors as at balance date. If a question doesn't apply please put "N/A". It is very important that the completed and signed questionnaires accompany your records into the office. They save us time and ultimately you money!**

## 2014 Terminal Tax Payments Due 7 April 2015:

Tax Notices will be sent out in the next week to all those needing to make payments. Please check you are happy with these and arrange to make the payment to ensure it reaches Inland Revenue by the 7<sup>th</sup> April 2015. Remember that Westpac Bank no longer accept payments for IRD by cheque, and if posting cheques to IRD the post takes longer these days. Penalties and Interest will apply if the payment arrives at IRD after the due date.

## Can't Make a Tax Payment By Due Date?

If you cannot make a payment on due date it is wise to set up an arrangement with Inland Revenue prior to the due date. This arrangement can be an offer to make:

1. A lump sum payment at a later date, or
2. Recurring payments until the debt is cleared (usually over a period of up to 2 years), or
3. A combination of 1 and 2 above.

The offer to repay needs to be reasonable, affordable by you. If you enter the arrangement and stick to it IRD can waive the late payment penalties incurred. Interest will still be charged. Remember though that if you cant pay last years tax this year you will need to pay two years tax next year.

We can help you prepare a cash flow budget and set up an arrangement with IRD, just call Sue.

## 3<sup>rd</sup> Instalment of 2015 Provisional Tax due 7 May 2015:

We will be sending out tax notices for March Balance Date clients with 3<sup>rd</sup> provisional payments due in early April. If you consider that your income may be significantly different from that in the 2014 year please contact us so we can review the amount you pay. We can estimate up or down.

## Terms of Trade and Putting Security In Place:

The best protection you can give your business when you provide goods and services on credit is to lessen the risk of not being paid by:

- Properly documenting up front the basis upon which credit is extended.
- Getting advice early if you think there is a problem.
- Making sure you are a secured creditor rather than an unsecured creditor so you will have a better chance of being paid.

Your Terms of Trade should be regularly reviewed and include things like:

- Retention of Title Clause,
- General Security Agreement,
- Mortgage over land or
- Guarantee supported by a GSA over the assets of the Guarantor and a mortgage over any land owned by the Guarantor.

There are many other practical actions you need to include and have embodied into the agreement and ensure it is fully signed and executed eg, right of entry for repossession. Have your legal advisor review your Terms of Trade, it's a cost that will be good insurance.

You should also utilise the Personal Property Securities Register (basically an electronic notice board) which records the existence of security over non-land assets. Firstly use it to check what securities customers have already given and secondly use it to notify the security you have obtained. An underlying security agreement must exist and that must be in writing and signed by the customer/guarantor in order for it to be enforceable against third parties, eg the customer's bank. Registration of securities must be renewed after 5 years.

### Summary:

- Be prudent about extending credit
- Do due diligence on customers' credit history
- Get legal advice on your terms of trade to ensure they will hold up
- Document properly your terms of trade and put yourself in the position of a secured creditor if at all possible
- Properly administer the terms of trade including registering and maintaining the appropriate financing statements on the PPSR

**Note: The information contained in this newsletter is of a general nature only and readers are cautioned not to act or rely on it without first consulting a senior representative of this firm for specific advice relative to individual circumstances.**

## Register for myIR to file PAYE and GST faster:

Filing GST and PAYE returns is simple, secure and easy online with myIR. myIR lets you manage your tax matters online, allows you to enter and check your returns at your computer, and saves you worrying about postal delivery times. You can set up a myIR account by going to [www.ird.govt.nz](http://www.ird.govt.nz) and registering in the turquoise box at the top right corner of the home page. From then on that is where you will log in.

**Please remember to keep a copy of what you have filed and your workings behind the figures entered on the forms.** Keeping good workpapers saves time (and money) when we are doing reconciliations

## ACC Levies Decreasing:

From 1 July 2015 the ACC levy content of vehicle relicensing will reduce substantially, the newer and safer the vehicle the more the saving. If your relicensing comes up before 1 July, look at only relicensing for a 3 month period so you get to the saving earlier.

**Petrol Tax is reducing from 9.9 cents per litre in 2014/15 to 6.9 cents per litre in 2015/16.**

### Average Levies for the Work Account Reducing

2013/14	2014/15	2015/16
\$1.15	\$0.95	\$0.90
Per \$100 liable earnings	Per \$100 liable earnings	Per \$100 liable earnings

ACC handles a huge volume of claims. Its aim is to reduce this. In the 2013/14 year they accepted 1.8 million claims, more than 35,000 of these involved surgery, 445,000 received physiotherapy and more than 89,000 clients received weekly earnings compensation.

### Income To ACC To Fund The Cost Of New And Existing Claims.

Employers	Employees	Motor Vehicle Owners	ACC Investment Earnings
\$1,029m	\$1,406m	\$1.065m	\$1.618m
Work Account	Earners Account	Petrol Tax and MV Licensing	ACC Investment Earnings
Pays for Injuries at Work	Pays for injuries out of Work	Pays for road related Injuries	Contributes to all Funds

## Accounting For Allowances and Benefits For Staff:

Changes coming into effect on 1 April 2015 will affect the tax treatment of allowances you might pay your employees, eg accommodation, food, or clothing. The changes clarify the tax treatment of employer-provided accommodation, accommodation payments and other allowances or payments made by employers to cover employee expenditure. See <http://www.ird.govt.nz/payroll-employers/make-deductions/staff-benefits/> for more info.

## Changes for Administration of Companies:

**From 1 May 2015 when setting up a new Company** you will need to supply:

1. The dates and places of birth for all company directors.
2. NZ companies will have to have at least one director that either lives in NZ, or lives in Australia and is a director of a company incorporated in Australia (the ACN, name and registered office details of the Australian Company will be required).

3. Details of any Ultimate Holding Company.

**From 1 July 2015 all existing NZ Companies** incorporated prior to 1 May 2015 filing Annual Returns will need to supply:

1. The dates and places of birth for all company directors.
2. Details of any Ultimate Holding Company.

**From 28 October 2015 all NZ Companies** will be required to have at least one director that either lives in NZ, or lives in Australia and is a director of a company incorporated in Australia

**When filing annual returns after 28 October 2015** New Zealand companies will need to indicate whether any director living in Australia is also a director of a company incorporated in Australia. They will also need to provide details of one of those Australian companies (ACN, name and registered office address).

## Increase to the Minimum Wage:

The minimum wage is to increase to \$14.75 from 1 April 2015 for approximately 62,500 workers or 2.7% of the workforce. The Starting Out and Training minimum wage rates will rise from \$11.40 to \$11.80 per hour.

## Paid Parental Leave:

The current 14 weeks of paid parental leave will be increased in two stages. From 1 April 2015 it will move to 16 weeks for qualifying persons and from 1 April 2016 leave provisions will extend to 18 weeks.

## Tax Refunds Received In Error:

IRD are paying more refunds out directly to client bank accounts. Please check deposits made into your accounts by IRD to ensure it is the amount expected (see your report from us).. **IRD allows you 20 working days to return overpaid funds.** A larger than expected refund may be made without IRD actioning a requested transfer to another tax year or taxpayer. Not returning the excess tax refunded could mean that penalties and interest may be applied. If this happens to you please contact us so we can advise you.

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