



NEWSLETTER DECEMBER 2014

Best Wishes to all our clients and business associates for a safe, happy and relaxing Christmas holiday whether it be a day or two or a good break from work. We have had another busy year and so too have many of our clients, with the economy starting to move again. We appreciate that you choose to trust us with your accounting, tax and business affairs and value the relationships with build. We always welcome new clients and appreciate your referrals.



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Holiday Office Closure:

Our office will close at 1pm on Tuesday 23 December 2014 and reopen at 8.30am on Wednesday 14 January 2015. Arrangements will be made with individual clients who require any regular services during this time.

October/November GST Returns:

With our Christmas closedown all GST returns that we prepare will need to be done before we close on 23 December 2014. Please make a special effort to bring your papers in early and answer any queries as soon as possible.

Accounting Systems:

Many of our clients now use the **Xero** (cloud based) Accounting system, allowing them to generate invoices and access their accounting and cashflow reports from anywhere anytime. Being in the Cloud it allows us to access the system and as such have a more hands-on and pro-active approach to their business activities. This makes things easy and avoids reproducing data and mistakes in data entry. Other clients use **BankLink**, another product which allows direct feeds of data into our ledgers from banks and financial institutions. Clients can also have feeds into their accounting system. If you would like to simplify/upgrade your current system, or save lots of time on manual transactions, give Matthew a call to look at which options would suit your situation best.

Don't Forget To Visit:

www.robertsonfulton.co.nz

from time to time. You will see copies of newsletters, questionnaires, services we offer, keep up to date with important dates and see the staff's latest photo gallery.

Provisional Tax Payments 15/01/15

Tax Payment Notices will be sent out mid December for payment by **15 January 2015**. **DO NOT FORGET THEM!** If you have any query regarding the amount you are asked to pay please contact us before Christmas so we can resolve this. Remember November GST payments are also due on this date.

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.

Staff News:

This year saw **Margaret Ferguson**, our long time Administration Clerk, retire in May. Margaret had worked for us for over 15 years and we miss her. Before leaving, Margaret trained **Cherie Brazendale**, who has replaced her. Cherie has come to us with lots of clerical experience in office administration and payroll and already is a valued team member who has a great sense of humour. **Janice Hyde**, had a break away from the firm whilst she built a new home and moved to Te Awamutu. She has been back with us since May, working part time.

Avi Ratnam has been studying at Wintec towards his Bachelor of Business Studies Degree, and this year has passed three papers – almost there, just 1 to go.

Everyone else has had a busy year and are all putting their energies into doing a great job. Well done and thank you to our team who make the good service we are able to provide happen.



Farming – Not for the Faint Hearted

As if three years of drought wasn't enough, we are now seeing a possible \$4.00 drop in the price of milk returns to farmers, down from the record high of \$8.40 last year. Some 'high input/cost' farmers have farm working expenses at this payout level before allowing for debt payments and personal living, so tough times are ahead

Sheep and Beef returns this year and last year have improved and these farmers are generally recovering from the financial impact of the last few droughts.

For dairy farmers, we suggest you discuss your individual circumstances with your farm consultant who may suggest where possible to put the cheque book away, defer repairs, and to pare personal spending right back. It will be essential to test soil before deciding to fertilise for maximum benefit. You should also be talking with your bank manager, deferring principal repayments and arranging facility extensions based on your farm cash budget.

We are here to help you with that budget and will be reviewing tax payments as we go through the year.

The Costs of Hiring A New/Additional Staff Member:

You can now quickly estimate the fixed and discretionary costs involved when you take on a new employee. Use the Employee Cost Calculator set up by Business.govt.nz. You can find out what you will be paying including compulsory costs like ACC levies, KiwiSaver contributions and Fringe Benefit tax (if applicable). It uses information from government agencies and Trade Me jobs and tailors employment costs to your industry. You can also test scenarios and look at options. Talk to us to see if we can help you look at the income a new staff member can help your business generate.

New IRD Payment Requirements:

You should all have heard by now that since October 1 2014 IRD require tax returns and payments to be received by them on or before due date. They no longer allow you to 'post' them on the due date. Also Westpac Bank no longer take cheques for payment of tax nor receive returns. They will, however, continue to accept cash or eftpos payments for tax.

The main reason for this is to encourage tax payers to file returns online through MyIR and to make payments through secure channels online. These can be made over the internet 24 hours a day, 7 days per week. Ideally you will set up payments to be made on the due date as soon as you know the amount due, which means you will not overlook them.



IRD do not accept the previous Freepost envelopes either. You will have to affix your own stamp to mail these. **Beware the post takes longer these days..**

You are still able to call into their offices during working hours and drop off payments or returns. They have a drop box also for that purpose outside their offices.

Changes to Paid Parental Leave:

Eligible parents can receive parental leave payments for up to 14 weeks. This will increase to 16 weeks for babies expected/born or a child under the age of six adopted, on or after 1 April 2015.

IRD have updated forms for self-employed parents, employees and employers to complete and these will be available on their website from 18 December 2014.

Paying Holiday Pays Correctly:

Holiday pay is pay for an employee's annual leave and pay for statutory holidays. You need to include holiday pay as earnings in the period you pay your employee. If you don't have a payroll package or a payroll provider, there are two ways you can work it out:

- Use your employee's annual entitlement. Currently, employees are entitled to a minimum of four weeks annual leave after being employed by you for a year.
- Use 8% of your employee's gross earnings. You can only use this option if your employee:
 - has a fixed-term employment agreement
 - is a casual employee
 - stops working for you and has only accrued part of their leave entitlement.



To work out how much tax to deduct from holiday pay use [Inland Revenue's Calculate tax on holiday pay calculator](http://www.ird.govt.nz/calculators/keyword/payecalculator-payeholiday-pay-2015.html).
<http://www.ird.govt.nz/calculators/keyword/payecalculator-payeholiday-pay-2015.html>

Cashing Up Annual Leave:

Your employees can 'cash-up' a maximum of one week of their annual leave if you both agree in writing. Cashing up annual holidays can only happen at the employee's request and it must be submitted to you in writing. Employees can request to cash-up less than a week, and more than one request can be made until a maximum of one week of annual leave is paid.

Once you have agreed to cash-up a portion of your employee's annual leave, you need to provide the payment as soon as possible, which will usually be the next pay day. The value of the payment must be at least the same as if the employee had taken the holidays.

Payroll Tips For Cashed Up Leave:

- Cashed-up annual leave should be treated as an extra pay or unexpected bonus.
- Because it's treated as an extra pay PAYE tax should be calculated using the rates for **lump sum payments**. (See [www.business.govt.nz/news-and-](http://www.business.govt.nz/news-and-features/paying-bonuses-and-deducting-the-right-tax?)

[features/paying-bonuses-and-deducting-the-right-tax?](http://www.business.govt.nz/news-and-features/paying-bonuses-and-deducting-the-right-tax?))

- If your employee usually has student loan or KiwiSaver deductions made from their pay, deduct these from the cashed-up annual leave as well.
- Your employee's child support liabilities and Working for Families Tax Credits entitlement may also need to be adjusted if their family income has changed.

Employers can't encourage or pressure employees into cashing up leave. Likewise, cashing up can't be raised in wage or salary negotiations or be a condition of employment. Requests to cash-up can't be included in employment agreements, but an employment agreement can outline the process for making a request.

Paying a Cash Bonus Or Giving Other Gifts to Staff:

Payment of Cash to staff is considered to be taxable in their hands even if a gift. Employers should deduct PAYE tax and other deductions using the **lump sum payments** rates as mentioned above.

If a gift is given, provided it is not food or beverages, it will be fully tax deductible and not subject to PAYE tax. However it will likely attract Fringe Benefit Tax if it is of greater than \$300 value per employee per quarter.

We can assist with any questions you may have in accounting for all these seasonal issues. Just phone us.

Dot CO.NZ – Its SO Last Year!

A new **.nz** domain name has been made available in New Zealand for website addresses. This means you can apply for company.nz instead of or as well as, company.co.nz or company.net.nz. Preferential Reservation Eligibility until 30 March 2015 may see that the **.nz** alternative for your website is held for you. At the end of that time, the domain name will be available to anyone. Look on the **Anyname** website or ask your domain name provider to register for the **.nz** version of your domain name, or you can reserve it for free for 2 years.

eDocuments Coming For myIR Customers:



If you have set up a myIR account to electronically file returns and to check your IRD account balances, IRD will soon be making

statements, notices and other correspondence available electronically on this account. These will be known as eDocuments. Correspondence like statements for GST and Employer Deductions will no longer be mailed to you.

We will still receive paper copies of these if we have done so in the past, but you may well receive the eDocument before the paper copy reaches us.

KiwiSaver is for Nearly Everyone:

We still find that we have clients, particularly the self-employed or shareholders in a company, that think they cannot belong to or benefit from KiwiSaver. This is not the case.



Any New Zealand resident can be a member, although if you are not 'employed by an employer' you will have to be pro-active and enrol your self. Those that enrol themselves can negotiate their annual contribution with their selected provider and contribute as frequently as they wish or just once annually. They will be eligible for the one-time-only \$1,000 'kick start' bonus from the government when they first enrol and will also get their annual contribution matched up to \$521 per annum. The only thing they will not get is the 3% that employers are required to contribute to their employees account.

KiwiSaver is a long term savings scheme and except in limited circumstances, you cannot access the funds accumulating until age 65. You are able to set up a KiwiSaver account for children before they are of working age to give them a headstart.

However, there are two things to remember:

- Once you have been a member of KiwiSaver for more than 8 weeks you cannot opt out and will be a member from then onwards. You may take a holiday from contributions under certain conditions.
- KiwiSaver savings schemes are **NOT Government guaranteed.**

ACC Levies –Good News!

2015 rates have been announced reducing the average for employer/self employed work account levy rate from \$0.95 to \$0.90 per \$100. These reductions will mean a \$480 million reduction in costs for businesses and the self employed. The earner levy paid by all workers for accidents outside work will remain the same at \$1.45 per \$100 earned.

Motor vehicle registration will reduce by an average of \$135 per vehicle per annum also.

Remember to check your levy invoices. ACC are doing an audit of Classification Units (CU) the type of work you are engaged in. You should check your CU relates to the work you or your company does. The default code used is Manufacturing Not Elsewhere Classified, and if this appears on your bills, it may mean they do not have a code provided

for you. Manufacturing is quite an expensive rate so it would pay to check and advise ACC if they have your CU wrong. Also check that they have your employment status correct ie Fulltime (working 30 hours or more per week average, or Part-time working less than 30 hours average per week). This can affect your levy if it is incorrect.

If a client is self employed or in a partnership, they can have a CU based on what they actually do eg administration. If they are employed by a company then they will be levied using the CU of the main business activity of the company, regardless of what they specifically do. The only way to have a CU that represents what their job description says is to take up CoverPlus Extra cover independently if you are a shareholder employee. Eg in a manufacturing company environment owned by a husband and wife where the wife only does administration work, she would need to be on CoverPlus Extra to use the administration code. This could save a significant amount on the levies paid.

CoverPlus Extra is also a good way to smooth ACC levies where you have fluctuating income year on year, and to reduce the compulsory cover to what is actually required to fund replacement labour. Call Sue in the office to discuss your situation.

Have a Laugh With Us:



Two accountants go to the cemetery to pay their respects at the grave of a colleague. However, they search and search and can't find his tombstone anywhere. Eventually one turns to the other and says, 'Perhaps he put it in his wife's name?'

*What is the definition of "accountant"?
Someone who solves a problem you didn't know you had in a way you don't understand.*

*If an accountant's wife cannot sleep, what does she say?
"Darling, could you tell me about your work."*

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