

Hugh's Views



Here we are well into March, Summer has apparently been and we are now officially into Autumn. Winter tried to muscle in for a day or two, but fortunately did what it was told and went away again for a few months, hopefully.

The end of March means another financial year has ended and the need to get all the little tasks associated with having to get tax return done, completed. We have put a few reminders in an article later in this newsletter that might help. We will also be sending out 2014 Year End questionnaires starting later in April. The timing of these will be based on when your work was done last year so if you are wanting something earlier, let your adviser know so we can incorporate it in our annual workflow.

As usual at this time of year we are dealing with the "Tail End Charlie's". Those of our clients who know they have to get their records sorted to bring in but it just never gets important enough to do it until a letter arrives from the IRD or your accountant gets a bit snarky. Many of these are the same clients each year so we know who you are! The surprising thing is that many of these people are due for refunds from the IRD and they have delayed the payment. Of course there are others who will receive a nice tax bill (if there is such a thing) and not much time to pay it. Some things just never change!!

Stepping Back

Talking about change. This month sees the end of my involvement as an Owner/Director of the practice. On the 31st of March I retire from the practice and take up a role as contracted employee with the title of Consultant. I have heard a lot of stories about consultants so it could be an interesting experience.

For my existing clients there will be not that much change from the last 18 months where I have been practising by trying to work a 3 day week. For other clients of the practice you might see me wandering around the office on occasions. I haven't been removed from my office as yet but I guess that will happen one day.

I have some significant projects on the agenda to get tidied up. We started on getting Trusts sorted out some 2 years ago. While we got some traction we are far from finished and the proposed new legislation is becoming clearer and imposing some more conditions. I also want to do some work on Estate Planning which sounds more ominous than it really is. It is more about clients being organised enough so they know what they have got and what needs to be done to keep their affairs in order. Apart from working with existing clients and helping them transition to a new advisor over the next two or three years I am sure there will be a few jobs delegated to me by my ex partners that will likely keep me happily occupied until we are all ready for me to depart on a more permanent basis.

I am looking forward to the last part of my succession plan and just hope that I am able to contribute to the wellbeing of clients and the practice in a constructive way over the next few years.

I have had many interesting experiences both inside and outside the office and met a lot of great people in my 40 years in the industry. I have seen some of my clients build a really good business and unfortunately seen the odd one fall by the wayside. It has been the working with clients, and the developments of those that work with me, that have provided the most enriching experiences.

Autumn Newsletter 2014

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eXPired technology?

Taking your business online? Look at whether your current setup will let you keep up with the change.

For instance, if you're still running XP, be aware that Microsoft will no longer support Windows XP and Office 2003 from April this year.

From April, if you use Windows XP, you won't receive technical support for it. This means no new security updates, or non-security hotfixes. No support and no online technical content updates.

Until July 14 2015, Microsoft will continue to offer Windows XP users its malware scrubbing program (MSRT). However, your system will become more vulnerable to security risks and viruses.

Over time you'll encounter more applications and devices are incompatible as software and hardware manufacturers upgrade their products.

You're already onto this ... right? But call us if you'd like to talk through how your computer system interacts with your accounting system or other business processes.



Mixed Use Assets - taking note

If you own a holiday home and rent this out commercially, there are new rules around how tax deductions are calculated. In order to accurately work out what these will be, there are some crucial points that we will require from you. You will still need to keep your normal records for income and expenses, but as well as that you will need to start recording the following information:

How is the asset used for each day of the year?

- Is it rented out?
- Are you using it for personal or private use?

Who used the asset?

- How many days was it in use?
- Who used it and what is their relationship to you?
- How much rent/hire cost did you charge to each person?

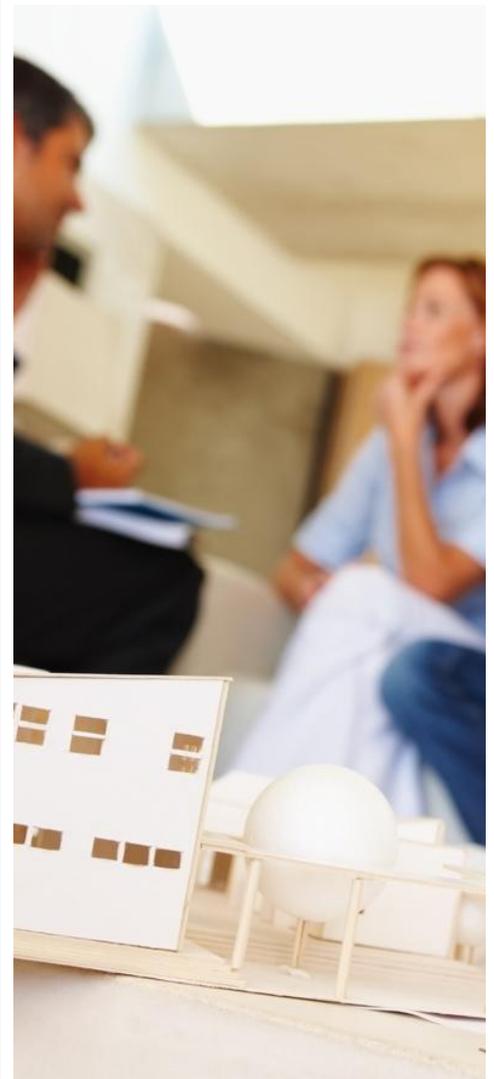
Were any repairs carried out?

- What was the reason for the repairs?
- Did you carry these out yourself?
- Did you stay at the bach while you undertook these repairs?

You will also need to make a note of the following -

- The cost of advertising the rental
- The cost of repairs and damages to the asset caused by tenants
- The cost of insuring the bach, any mortgage interest and rates

By keeping a note of the above information, we can assess what is and what isn't deductible for you when we start preparing your annual tax return. If you have any more questions about mixed use assets, feel free to give us a call. We have some handy tools which might help you keep track of usage.



End of year checklist

As usual, when the end of the financial year is approaching, it's a good idea to make sure everything's in good order. Take a look at:

<input type="checkbox"/>	How much stock you are carrying at the end of the year. Dispose of any obsolete lines or write the stock down to its net realisable value.	<input type="checkbox"/>	Your discount reserve, if you discount for prompt payment. After the first year, the allowable deduction is based on the percentage level established initially.
<input type="checkbox"/>	Planned dividend payments and the company's imputation credit account balance.	<input type="checkbox"/>	Credit notes issued to customers following balance date that apply to income earned this year.
<input type="checkbox"/>	Debtors: if you have taken reasonable steps to recover a debt, you may be able to write it off and claim a deduction.	<input type="checkbox"/>	Retentions owing: they are taxable this year if you receive them by 31 March.
<input type="checkbox"/>	Fixed assets: can any be written off?	<input type="checkbox"/>	Make sure loss offset or subvention elections are filed with IRD on or before 31 March.
<input type="checkbox"/>	Amounts owed to employees such as holiday pay, bonuses, long service leave, redundancy payments. They can be claimed for in this year if paid within 63 days of balance date.	<input type="checkbox"/>	Can you prepay any of your expenses to claim a deduction? Not sure what kinds of prepayments are deductible? Ask us.
<input type="checkbox"/>	Significant maintenance or repairs undertaken before end of year may be eligible for an early tax deduction. Check if you're not sure where expenditure on an asset is deductible as repairs or maintenance or if it should be capitalised.		

Call us if you'd like a quick heads-up on what to look for in the detail or options for how to treat any of the above.

Getting On With Business!

Uncertainties in business are ever present. Interest rates, overseas markets and international economic conditions all fluctuate. All have an impact on your business whether your own business is focused on export or domestic markets. How do you factor all of this into getting on with business right here right now?

Leadership

Leadership is crucial. Business leaders should be articulating plans and strategies that clearly communicate the aims and aspirations of the business to all team members.

Planning

Planning is equally important. Emphasis should also be given to planning an 'implementation strategy' of the plan itself. It is a good idea to include the whole team in the planning process, because these are the people who are more likely to accurately answer key questions that need to be asked as part of a planning process:

- Do we have enough equipment to fulfil the plan?
- Do we have the right people?
- Have the people been appropriately trained?
- Is the plan realistic?
- Can it be funded or do we need to raise capital or make an application to the bank for additional funding?

Communication

Communication is critical to the planning process. Management should ensure that all team members understand, not only what is being planned, but more importantly, why.

This highlights the necessity for great communication:

- What is the goal?
- How are we going to progress towards the goal?
- Why are we doing this?

This type of information will help maintain an organization's alignment, in that all team members will know what the vision is and, more importantly, all have had input to determining what their role is in implementing the vision.

It is no use sitting back waiting to see how events, over which you have very little control, are going to unfold. What most businesses need to be doing is involving all of their team in the planning process. Having the entire team getting on with business.



Coming together is a beginning; keeping together is progress; working together is success. Henry Ford

and the good news is... ACC

Workers and employers will pay \$387 million less in ACC levies in 2014/15 (subject to the regulation being passed). The cuts affect the Earners Account (paid by workers) and the Work Account (paid by employers).

	Work Account Average levy (per \$100 of liable earnings, ex GST)	Earners' Account levy (per \$100 of liable earnings, ex GST)
2014/15	\$0.95	\$1.26
2013/14	\$1.15	\$1.48

The Health and Safety in Employment (HSE) Levy is changing to a flat rate of \$0.08 per \$100 liable earnings. Look for more news on this later in the year.

Motor Vehicle Account levies, incorporated into car registration and petrol prices, will remain the same. The Government expects to introduce cuts for motor vehicle owners from 1 July 2015.

In other news, there have been some minor changes to classification unit codes, affecting second-hand booksellers and people working in digital effects industries.

Are you managing ACC on your own? We could help you with that, with our ACC Administration and Advisory service. Talk to us about how the service might save you time and money.



An Office Prayer

Grant me the serenity to accept things I cannot change, the courage to change things I cannot accept, and the wisdom to hide the bodies of those people I had to kill today because they pissed me off. Help me to be careful of the toes I step on today, as they may be connected to the arse I have to kiss tomorrow.

Health and Safety obligations with employees working from home

It is becoming quite common for employees to decide to work from home for part of the working week. So what are your obligations as an employer when someone from your team makes this decision to do so? As an employer, do you have any obligations at all? The answer is yes, you do.

The definition of place of work includes any place where a person is to work or is working for gain or reward and this includes the worker's own home if that is used for work. As an employer, it is your duty to take all the necessary steps to prevent harm to your employees when they are at work.

Be sure to check that your employee has adequate resources to perform his or her role and the home office is a safe environment.

This includes ensuring that the home is appropriately furnished and computer equipment is functional.

These elements are essential to maximising productivity but are also crucial when ensuring the health and safety of your team member.

Health and Safety requirements when working from home should be covered when setting out the terms of working from home. To find out if you're complying with Health and Safety requirements, come and see us.



What's been happening around here?

Mark completed in the Wanaka Half Iron Man. He was a bit bitter and twisted about being beaten by his younger brother by 2 minutes. George and Mark were involved in the Rail Trail Duathlon. George teamed up with Julie (Team name "Her Idea") and Mark did it by himself. Paul joined his brothers for a weekend away pretending to be a bikie. He looks formidable when he gets dressed up in leather!

Patti and Sue went north to use up some of their leave. Waiheke Island was apparently okay but not so happy with getting around Auckland. Kathryn has been coping with a long series of interrupted nights. She has remained surprisingly civil during this period which I would have thought was a major achievement. As I write this Sandra is in Wellington for a girl's weekend after being on school camp earlier in the week. Bit of a change looking after 30 odd kids and matching it with half a dozen adults in Wellington.

Nicole has been selected to participate in a Rotary Youth leadership course which is held in April. We are sure she will do well. Chris has become a grandmother again so there was a fair bit of clucking going on. Yours truly has been on his bike getting his nether regions in shape for two weeks cycling (June) in the Moselle (Germany) and Burgundy (France) regions. After completing my fourth trip I will be thinking of a new career as a Tour Guide, assuming I manage to get the 14 others coming with me back in one piece!!

Having been through a period where there have been lots of birthday shouts and other reasons why food should be served at smoko time, someone who was feeling guilty proposed a "Biggest Loser" competition. As a result we have 8 in the office registered, we had 10 but the pressure was too much for two of our people and they withdrew after two weeks.

Because I have the most to lose (something I am not proud of) I am sure to win comfortably. However I expect all the loot I receive as prize money will be required to be spent on sausage rolls and cream buns for all the staff and I suppose we will then have to start again. Such is the way of the world.



Disclaimer:

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.



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