

A Word from George



Wow – where did that year go? It is hard to believe that we are already in the silly season and 2014 is all but shot.

You would be forgiven for thinking that we haven't really had a spring and here we are today waking up this morning on the second day of summer to a frost. I guess we will get our best weather after the kids go back to school, which is what normally happens.

After a pretty slow start in April through June we have settled into our work and we seem to be keeping up with our filing percentage. Like everyone we tend to have a major rush in the build up to Christmas. We like to get as many as possible of our GST returns completed and filed before the break. We will once again have an incentive draw for those of you who return your completed GST returns by the 15th of December, so by helping us you might receive a meal out on us for your troubles.

If we still haven't done your 2014 tax return – give yourself an uppercut and maybe if you bring your information in within the next week or so we might get it done before Christmas (of course there is no guarantee at this time of year). If not before Christmas then let's make it shortly after, so there is not that mad panic in March.

There hasn't been much in the way of Tax changes recently but I hope that those of you that always paid by cheque have got your head around paying online. Don't be scared to ask for our help if you get stuck.

In the New Year our firm will be updating our Practice Management System. Unfortunately the MYOB Accountants Office software that we have been using for 10+ years is about to be no longer supported. Our new system is a cloud based system called Workflow Max which is owned by Xero and it will maintain our Client Data Base, Tax Management System and our Financial Systems. As a client you shouldn't notice too many changes but it will be quite a major under taking for us during February and March.

Our office will be closed from 12:00pm on the 23rd of December and will re-open on Monday the 12th of January 2015. If you require us over the holiday break please phone the office on 448 8060 and you will be directed to contact Mark Tait who will be on call.

On behalf of everyone at McIntyre Flannery Tait Limited I would like to wish you all a very Merry Christmas and a Prosperous 2015.

Party Party Party

Are you planning a Christmas function for special clients and/or suppliers and business contacts? Be aware that this will come under the entertainment regime for purposes of tax deductibility. Any expenditure on food and drink that your business provides off your business premises will be 50% deductible. This extends to any incidental expenditure on things like hireage of crockery, glassware or utensils, waiting staff, and music or other entertainment provided for the function you're planning.

If you're thinking of a more public event to promote the business during the festive season, expenditure on food, drink and all the necessary incidentals could be fully deductible. However, be aware that the event can't cater for your VIPs alone. It must be open to the public on the same footing as clients or business contacts. Its primary purpose must be as a marketing event for the business.

If you're planning an event and you're not sure which tax regime it will fall under, please contact us for information.



Summer Newsletter 2014

Index

- A word from George
- Happy Holidays
- Party Party Party
- A way to solve Christmas Cash Flow issues
- Don't Forget
- Timely reminders
- 'Tis the season to be... on call
- Health and Safety Heads up
- Clients out and about in the News!
- What's been happening around here



Happy Holidays

Our office will close on 23rd of December from 12pm and reopen in the New Year on 12th of January 2015.

A way to solve Christmas cashflow issues

The period after Christmas can be tough for many small and medium sized businesses.

According to more than half the respondents to a poll conducted by the Employers and Manufacturers Association, January to March is when they tend to experience cashflow constraints.

It's hardly surprising, really. The period after Christmas is traditionally slow business-wise. Consumers are either enjoying their holidays or getting their finances in order following their festive season spending. Earnings will be down if businesses shut during the break. Others may also feel the pinch if they paid staff bonuses prior to the holiday season.

It is, therefore, understandable how having to make a provisional tax payment on 15 January might be a bit problematic for some.

Still, it does not change the fact that Inland Revenue (IRD) expects this payment to be made on time and will charge taxpayers late payment penalties of up to 20 per cent per annum and use of money interest (UOMI) of 8.4 per cent if the tax is not received on the due date.

However, those who wish to free up cash at a time when they need it most have an option.

Tax pooling is IRD approved and can be used to defer provisional tax payments to a time that suits them - without incurring late payment penalties and UOMI.

This method is cheaper than using many other traditional forms of finance - rates at Tax Management NZ (TMNZ) start from below six per cent - and does not affect existing lines of credit.

No credit check or security is required.

The full amount of finance does not need to be paid back if less tax is owed than first thought. The finance arrangement can be easily extended as well.

How it works

Say you wish to defer a \$5,000 provisional tax payment for six months.

You would pay TMNZ a one-off, tax-deductible interest amount and TMNZ would arrange the \$5,000 provisional tax payment on your behalf. The interest amount is based on the amount of tax financed and the period of maturity, so in this instance would be \$145.

The provisional tax payment is held in an IRD account administered by the Guardian Trust. Guardian Trust instructs the IRD to transfer the tax into your IRD account when you repay the \$5,000 principal in six months' time.

IRD treats the \$5,000 provisional tax as being paid on time once the transfer is processed.

Visit www.tmnz.co.nz or phone us if you would like to know more.



Don't forget

IRD have changed their policy on when payments will be considered to have been received on time. Payments made by post are now treated as made on the day Inland Revenue receives them; the date of posting is irrelevant. It's therefore up to you to make sure you post your cheques in good time to reach IRD on time. There's no guarantee that a payment posted on the 18th will reach Inland Revenue by the 20th.

If you're sending a post-dated cheque, Inland Revenue will not bank it until the date specified. So even though it's physically received before the due date, it will still be treated as received late if the specified date is after the due date. You can also make payments in person, either at an Inland Revenue office or at a Westpac branch (note Westpac no longer accept cheques for tax payments) as long as you do so before close of business on the due date. Now might be a good time to think about making your payments online, if you don't already.



Timely Reminders

7 Jan 15	Terminal Tax FBT	Taxpayers (where we prepare tax returns) on a December balance date Close companies paying FBT on an income year basis (where we prepare tax returns) with a December balance date
15 Jan 15	Provisional tax GST return and payment for period ended 30 November	Standard provisional taxpayers on March, November and July balance dates GST ratio method taxpayers on January, March, May, July, September, and November balance dates 6 monthly GST taxpayers on May and November balance dates Taxpayers filing GST on a monthly basis AND taxpayers (with March, May, July, September, November and January balance dates) filing on a 2 monthly basis
20 Jan 15	FBT	Third quarter return (for the three month period ended December)
28 Jan 15	Provisional tax GST return and payment for period ended 31 December	GST ratio method taxpayers on February, April, June, August, October, and December balance dates 6 monthly GST taxpayers on June and December balance dates Taxpayers filing GST on a monthly basis AND taxpayers (with February, April, June, August, October and December balance dates) filing on a two monthly basis
9 Feb 15 (7th falls on a weekend)	Terminal Tax FBT Terminal Student Loan Repayment	Taxpayers (where we prepare tax returns) with a January balance date Close companies paying FBT on an income year basis (where we prepare tax returns) with a January balance date. For those (where we prepare tax returns) with a January balance date

Note: these dates apply to those clients for whom we prepare tax returns. Different dates will apply for those clients for whom we don't prepare returns. Please ask us if you'd like more information.



'Tis the season to be... on call

Do you have situations where some employees will be on call during a public holiday? If so, they are usually entitled to a contractual on call payment as well as at least time and a half rates if they are called out. Whether or not they are also entitled to an alternative holiday depends on whether the public holiday falls on what would normally be a working day:

If the public holiday falls on a day the employee would normally work

<i>If the employee is on call...</i>	<i>He or she is entitled to...</i>
... and is called out	at least time and a half for the actual hours worked, (your employment agreement may provide for more) plus an alternative holiday as well as any contractual on call payment
... and is not called out but the restrictions of being on call mean the employee has not enjoyed a full holiday (for example, if the employee is required to stay at home all day)	an alternative holiday as well as any contractual on call payment
... and is not called out but the employee's freedom is NOT restricted - for example, he or she can choose not to accept the call-out	any contractual on call payment but he or she would only be entitled to an alternative holiday if he or she accepts a call-out

If the public holiday does NOT fall on a day the employee would normally work

<i>If the employee is on call</i>	<i>He or she is entitled to</i>
... and is called out	at least time and a half for the actual hours worked (your employment agreement may provide for more), plus any contractual on call payment
... and is not called out	any contractual on call payment

Health and Safety heads up

It's expected that the Health and Safety Reform Bill will be passed before the end of the year and that the resulting Health and Safety at Work Act will be implemented in stages, the first stage taking effect from 1 April 2015. The legislation itself is part of a major reform of health and safety practice in New Zealand.



The new Act imposes a primary duty on employers, with a wide range of duties to ensure health and safety in the workplace. The definition of a 'workplace' includes any place where a worker goes, or is likely to be, while at work. The definition of a 'worker' is a person - for example, an employee, contractor, person on a work trial or volunteer - who carries out work in any capacity for 'a person conducting a business or undertaking' (PCBU). The concept of the PCBU is central to the new reforms, placing responsibility on anyone who owns or controls a workplace and therefore on all links in the contracting chain from principal to all levels of contractor and sub-contractor. Persons who are not necessarily visible at the workplace such as those who design, manufacture, import or supply plant, substances or structures can be PCBUs with responsibilities under the legislation for the health and safety of workers and others who use them in the workplace. Company directors and those in governance roles will have an explicit due diligence duty to ensure that workplace health and safety is managed proactively.

Workers and other people in workplaces will also have obligations to ensure care is taken for the health and safety of themselves and others.

The changes will help everyone involved in the business to be clear on what they need to do to maintain sound health and safety practices in the workplace and ensure workers have the knowledge and ability to keep themselves and their colleagues safe. The regulator and the courts will have a wider range of enforcement tools, including increased penalties for breaches of duties.

It is envisaged that there will be an initial round of new regulations covering general risk and workplace management; worker participation, engagement and representation; major hazard facilities; asbestos; and work involving major hazards. More industry specific regulations are intended to be developed over the following two years.

We'll keep you posted as to what these new measures will mean for your business.

Our Clients - Out & About

We are always pleased to see some of our clients achieving greatness in their work. Here is a special mention to some we have seen lately.

Neill & Barbara Simpson, of Queenstown, were recognised in the ODT last month for their on-going conservation work in the Wakatipu Basin. They received the 2014 Inland Otago Conservation Award. They have also just been named one of 10 Otago Local Heroes for their continued effort in Conservation. To read the full articles - www.odt.co.nz/print/322564 and <http://fairfaxmedia.newspaperdirect.com/epaper/viewer.aspx>

Watch out for Nick Dalgety from Central Performance on the CRC Motor Sport show. Nick has been fortunate enough to join the Pilcher Racing team on the NZV8 circuit; so far this has found him travelling to Hamilton and Pukekohe.

The Cricket Show on Sky Sport recently featured Shayne and Camille O'Connor and their family in the "Outside the Boundary" segment of the show. This focussed on life after cricket for our Black Cap, and it was great to see local children benefiting from Shayne's expertise at the cricket nets.



If you have been up to some newsworthy activities in recent times, please let us know and we will feature it in our next newsletter.

What's Been Happening Around Here?

The office has been super busy getting ready for our closure over Christmas and preparations for the New Year, not to mention everyone having to get their own Christmas shopping done as well! This truly is the crazy season! We are all looking forward to our Christmas function that Mark has planned and kept it a very good secret! We are excited to see what he has in store for us on December 13th! I'm sure it will be a fun event and a good evening with lots of laughs and good food.

Chris and Phil recently won a helicopter flight over the Queenstown basin. It was Chris' first helicopter flight; she was very nervous before she went but loved every minute of it.

George has been away at Stewart Island with his daughter Ella on school camp for a week in November. Unfortunately the weather wasn't great but they still had a lot of fun.

Paul has just returned from his son's wedding in Fiji, which went very well.



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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