

Hugh's Views

Winter Newsletter 2013



I think we might have missed Autumn. The leaves have fallen and all of the colour well gone. The weather has started to turn with a few good frosts but with a few balmy days thrown in. I think I will settle for being late!

This is the time of the year when we go into full work mode, heads down to get on top of the demand for Financial Statements that are required to see what happened last year, assist in planning for this year, find out how much (or how little) tax is to be paid and to pacify the odd bank manager. To be fair to the bank managers and our business owners, there are not too many clients having issues with their banks. That's not to say there are not plenty of businesses battling with cash flow or the lack of it.

Research from our associates tells us that Small to Medium Business Enterprises (SME's) all have similar problems. Much of it is related to a lack of knowledge about some aspects of operating their business. While the subjects will vary it seems we have a role to try and bridge the information gap. While we are very capable of providing the information, we need clients who actually want this information to learn.

Experience over the past years with running "educational" seminars indicates our business community is not falling over itself to take up opportunities that are offered by various providers. However we will make an effort to provide some presentations on topical subjects that we think might be of practical use to our clients and the wider business community. (See below)

We have "launched" our Client Service Plans offering options for various levels of Service that are designed to meet differing levels of our client's requirements. I mentioned this in our last newsletter and we have included details on page 3 in this newsletter. We intend to offer this to non clients as well once our existing clients have had the opportunity come on board.

Kathryn Cook leaves us early in July to take parental leave. Carl Julius has started with us to cover for her and he will start with us at the beginning of June.

Client Seminars

We are looking to commence a series of "educational" presentations to try and help business people manage their operations better. We are looking at a range of topics that have been well supported when some of our associates in other parts of the country have presented. At this stage we are looking at topics such as:

1. Understanding your financial statements.
2. Cash versus profit.
3. Understanding the Key Performance Indicators in your business.
4. Marketing your business.
5. Succession planning
6. Managing payroll & employer responsibilities.
7. Improving your business processes through "cloud" computing.
8. Budgets and Cash Flow Forecasting
9. Managing your Debtors
10. Calculating your Charge out rate
11. Building a Better Business (3 part Series)

We will be kicking off the series towards the end of July. If you would like to be put on our invitation list (our clients will get priority) we will ensure you are made aware of the dates on which the presentations will be made. Ring Nicole on 03 448 8060 or enter on seminar@mftca.co.nz



'None of us are as smart as all of us.'
Japanese Proverb

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Tax Talk



Changes to rates and thresholds as of 1 April 2013:

Working for Families

The net income level guaranteed by the minimum family tax credit has risen from \$22,568 to \$22,724.

ACC

The government announced that the 2013/2014 levy rates will remain at their current levels. However they have introduced three new initiatives:

- Extended Workplace Safety Discounts
- Vehicle Classification System
- Fleet Safety Incentive Programme

We will be following up on these changes in future issues of the MFT Newsletter, but in the meantime, visit the following website for more information: www.acc.co.nz/news/WPC116639

Kiwi Saver:

The minimum contribution rate for employers and employees rose to 3% from 1 April 2013. Note employer contributions for employees under the age of 18 are not compulsory.

Primary and Secondary School Children

From 1 April 2013 PAYE must be deducted from payments of salary/wages or scheduler payments to school children.

Student loan changes

The repayment rate for student loan deductions increased from 10 cents to 12 cents per dollar earned over the current threshold of \$19,084 per annum.



Are you ready for 2013 payroll changes?

For more information on 2013 payroll changes effective April 1, visit the IRD website and use their helpful checklist. Visit the website and follow the simple step by step guide from the homepage: www.ird.govt.nz

'A good plan today is better than a perfect plan tomorrow' - old proverb ted.

Unpleasant IRD tactics

We have been informed that the IRD has outsourced its debt collection and that they are by-passing us as the Tax Agent.



The feedback from some of our clients is that these calls are very abrupt and that they feel very uncomfortable taking them.

If you get a phone call from IRD about "overdue's" then you should advise IRD that we are their Tax Agent and the IRD should refer to us in the first instance.

As you can appreciate we are used to dealing with the IRD on almost a daily basis, so we do not feel intimidated when we find them on the end of the phone. Not the case for many of our clients unfortunately.

If you get such a call. Give them your advisors name and our telephone number and get them to contact us direct.

Minimum Wage:

The minimum wage has increased from \$13.50 to \$13.75 per hour. Training and new entrants' minimum wages will increase from \$10.80 to \$11.00 per hour.

Check references or risk employing a "dud"

The thought of checking job applicants' references makes many employers shudder. As a result many employers don't do any reference checking or they don't do it properly.

Reference checking is the opportunity to confirm that an applicant is capable of doing the role they've applied for. Many employers take the applicant at their word, but what you are told can be nonsense. Turning a blind eye is much easier when you are one employee down and in a rush to get the vacancy filled right away.

If you don't reference check you could be employing a dud and you could be re-recruiting for the same role in just a few weeks or months so it's definitely worth taking this step and doing it well.

Our new Packages

The Basics



Includes:

- ✓ Xero or BankLink accounting system
- ✓ Annual financial Statements, returns, minutes and documentation
- ✓ Face to face business review
- ✓ Income tax returns
- ✓ Regular newsletters
- ✓ GST returns
- ✓ Tax reminders/managing your income tax account with the IRD
- ✓ Invites to regular seminars

From \$150.00
+ GST per month

Managing & Monitoring



Includes:
The Basics, PLUS:

- ✓ Monthly management reports on your business performance
- ✓ Monthly report with executive summary
- ✓ Regular updates and advice on tax and business issues
- ✓ Regular review of your business to help you understand the bigger picture

From \$250.00
+ GST per month

Developing & Growing



Includes:

The Basics, Managing & Monitoring, PLUS:

- ✓ Annual Strategic Plan
- ✓ Annual business Health Check
- ✓ Annual business Growth Plan
- ✓ Setting of KPIs
- ✓ Monthly meetings
- ✓ Setting, monitoring of Budgets & Cashflows
- ✓ Details performance reviews

From \$500.00
+ GST per month

Rentals



Includes:

- ✓ Xero or BankLink accounting system
- ✓ Annual financial statements and returns
- ✓ Face to face business review
- ✓ Income tax returns
- ✓ Regular newsletters
- ✓ GST returns
- ✓ Tax reminders/managing your income tax account with the IRD
- ✓ Invites to regular Seminars

From \$75.00
+ GST per month

Extras & Add Ons



- ✓ See over for more details about our extra services

Please contact us directly if you would like more information or to convert to one of our fantastic new packages!
Email: info@mftca.co.nz or phone: 03 448 8060

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Extras & Add Ons



Includes:

- ✓ Company Administration
- ✓ Trust Administration
- ✓ ACC Management
- ✓ Monthly Business Review
- ✓ Annual Strategic Review
- ✓ Annual Risk Review
- ✓ GST Returns
- ✓ Assistance with KPI's
- ✓ Bi-Monthly Performance Reports
- ✓ Six-Monthly meetings with Accountant
- ✓ Annual Business Health Check
- ✓ Assistance with preparing PAYE Returns
- ✓ Assistance with preparing FBT Returns
- ✓ Management Reports/Benchmark Reports
- ✓ Preparation of Wages & Completion of Monthly PAYE

Trials without tears

The Department of Labour recently completed research into just how successful trial periods are proving for both employers and employees.

Research established that about 60% of employers had used trial periods and they proved equally popular with SMEs and larger employers.

Of those who hired under a trial period, 40% wouldn't have done so otherwise - and yet 80% of all employers retained employees who were on a trial period.

Trials have been particularly beneficial for younger, inexperienced workers and those unemployed for some time. 70% of employers plan to use trial periods going forward to minimise risk:

- To be sure of the employee's skills before commitment
- To be sure the employee also fits the workplace culture
- To avoid incurring costs if staff are in fact unsuitable for the job

It's clear trial periods are providing a win-win solution for employers and employees, while helping create thousands of jobs.

On the Tools and Online – We can make it easy

Trades and services need to have an online presence as more and more people use Google to find what they need.

You can get a professionally built single page website with your business logo, a few photos and room for some text about your business all for between \$300 and \$400 + GST including;

- Annual hosting (\$70 annually)
- Domain name (\$29 annually)
- Design
- Set up
- Google map feature

These sites are developed to rank in a Google search through your locality and the industry you work in (i.e. Plumber, East Tamaki).

If you would like more information contact

hugh@mftca.co.nz

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What's been happening here?



We recently received a certificate for 100% filing of tax returns. Some of you will wonder how we achieve that when your return has not been filed. The answer is that the IRD give us a credit where our client has

received an L letter (see last newsletter) which usually means that we have not been able to get our clients records into our office in time to complete tax returns before 31 March. There is also an exemption when returns are held up waiting on information from a third party.

We have employed another Accountant on a part time basis to cover Kathryn Cook over her parental leave. Carl Julius commences with us from 1 June. Carl is CA qualified and has returned to Alexandra after a stint further north. He has worked in the public practice environment before and we are looking forward to having him with us. We are hoping it will become more than part time in the not too distant future.

We all got together for a planning day in late April and reviewed what we have been up to. As is the norm we have come up with a number of projects to improve our processes and hopefully provide a better service to our clients.

Our Annual Charity Golf Tournament held in early April was enjoyed by all who attended. We are pleased to say we raised \$1000 towards the CT Scanner Appeal.

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.



McIntyre Flannery Tait
Chartered Accountants & Business Coaches



Alexandra | 03 448 8060 www.mftca.co.nz