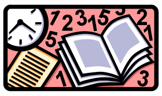
THE BOTTOM LINE

April 2017

Tax Calendar



20 April 2017

Employer Deductions (EDF IR345) form and payment due, and Employer Monthly Schedule (EMS / IR348) due.

7 May 2017

GST Return and payment due.

Provisional tax instalments due for people and organisations with a March balance date.

20 May 2017

Employer Deductions (EDF / IR345) form and payment due, and Employer Monthly Schedule (EMS / IR348) due.

28 May 2017

GST return and payment due.

31 May 2017

Quarterly and Annual FBT return and payment due.

Brent Dickins
Hamish Pryde
Barbara McConaghty
Lois Bond
Jude Dickins
Deanna Anderson
Trudy Plaisted
Kelly-Jane Pryde
Stephanie Horne

Hear it from Hamish…..

The IRD's Direct Approach

You have to wonder what the point of a Tax Agency arrangement is at all, if the IRD are going to go directly to you, our clients. A number of you are asking "What's the deal here? What's happening?" There has always been an unwritten agreement between the IRD and Tax Agents that the IRD will NOT contact clients directly. However the IRD appears to be going directly to tax payers, not only for any outstanding tax, but at times seeking explanations re expenses claimed, and even sending reminders for Tax returns due.

We think that this has got totally out of hand!

Chartered Accountants Australia + New Zealand have been made aware of the problem, and they have been battling with the IRD for months now, ***trying to get some common sense***. The take away point here is that you need to be aware that if you deal direct with the IRD, you may be placing yourself at a disadvantage, and your standard response to any enquiry should be requesting them to talk to your Accountant first; and we can attend to these matters on your behalf.

The Costs of Living on the Farm

An interpretation statement has been released by the IRD on the deductibility of farm house expenses. The interpretative statement begins by reminding us that all deductions for farm house expenses are available, only to the extent that they are incurred in carrying on the farming business. Good-O - we know this already!

The Commissioner has always allowed full time farmers to claim full deductions for rates and interest on farm mortgages, and has allowed all farmers to claim 25% deductions on expenses relating to the farm house. The IRD considers that those deductions allowed for those items are no longer appropriate, and the general rules of deductibility and apportionment shall now apply.

The interpretation statement further goes on that a more realistic amount, according to the IRD, is a 20% deduction for farm house expenses, and 100% deduction for rates and interest. It should be noted that these deductions are allowed only when the value of the farm house is 20% or less than the total value of the farm.

This interpretation statement will apply for the commencement of the 2018 income tax year.

Use of Money Interest

No, it was not an April Fool's Day joke, but from 1 April 2017, you will be relieved to know that Use of Money Interest will now cut in for a residual income level of $60,000, up from the previous $50,000. For those who use the standard uplift method to calculate and pay their Provisional Tax, there will no longer be Use of Money Interest for the first two instalments. The old safe harbour rule goes beyond just individuals, and will include Trusts and Companies and other non-individuals from 1 April 2017.

Employer Essentials

Annual Leave:

The allowance is four weeks of annual leave, regardless of job, or the hours worked, and it is allowable to take at least two weeks at any one time, and staff cannot be pressured into exchanging leave for cash. Consideration has to be given if a staff member asks to have up to one week of their annual leave paid out, and at least fourteen days notice must be provided before a business closes down for the year for annual holidays.

Sick Leave:

Employees, including casuals and part-timers, are entitled to at least five paid sick days a year after they have been employed for six months. An employer can ask for a Doctor's Certificate if an employee has been absent for three or more consecutive days, and if an employee is injured at work, they do not have to take sick leave.

Public Holidays:

Employees are entitled to take Public Holidays off as paid leave. The only way an employee can be required to work on a Public Holiday is if it has been written into their Employment Contract, and they must be paid time-and-a-half, and be given another paid day of leave to be used later (time in lieu).

Mondayisation:

If a Public Holiday falls on a Saturday or Sunday, Public Holiday entitlements may be moved from the actual date of the holiday, to the following Monday or Tuesday.

What your Business should be doing:

There are a number of things that your business should be doing which includes identifying the type of employee: Full-time; part-time; fixed-term; seasonal; or casual.

Check written Employment Agreements and make sure you have a record-keeping system that accurately calculates, tracks and stores hours worked for each day in a pay period.

Time and wage records are required to be produced "on demand" if audited by the Labour Inspectorate. What does a working week look like for each employee?

The days of filling in a manual wage book and calculating the holidays are a thing of the past. We suggest the use of a reputable specific payroll system, and a review of your record keeping as it relates to leave and sick days taken, hours worked and an annual review of holiday entitlements and employment contracts. This is an important area and the cost of getting it wrong may mean you end up paying the holiday pay twice at the behest of a labour inspector, or a former employee dispute. To be forearmed and forewarned ensures that the process and risk is managed properly.

Fonterra Loan – Interest is coming, but appears cheap!

- The loan is interest free until 31 May 2017.
- Interest will be charged on any loan balance from 1 June 2017.
- Fonterra will update the interest rate every three months.
- Fonterra says the interest rate for the first three months is likely to be around 2.5% per annum.
- The actual interest rate will be calculated and set in late May for the three months commencing 1 June 2017.
- Interest payments will be deducted from farmers' monthly milk payments.
- Farmers' will receive a Co-operative Support Loan Statement each month, which will show any interest charge.

Some jokes to lighten your day !!

Donald Trump, Barack Obama, The Pope and a small Mexican boy were on a plane. The plane was plummeting and was going to crash into a building. There were only three parachutes.

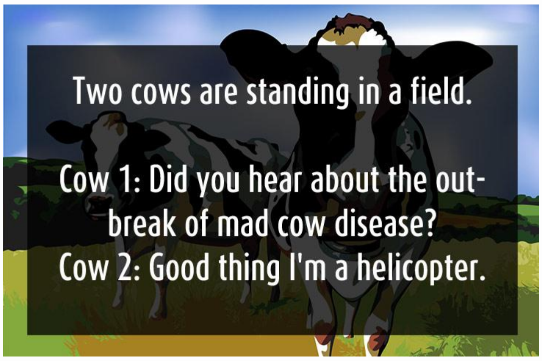
"I'm the greatest man here, I'll take a parachute" said Obama.

"I'm the smartest man in here so I'll take a parachute" said Trump.

They both grabbed their parachutes and leapt out of the plane.

The pope said to the young boy "Go ahead son, take the parachute".

The boy replied "It's alright, the smartest man in the world just took my school bag."



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