



Tax Calendar



20 December 2017

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

15 January 2018

GST Return and payment due.

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

20 January 2018

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

Quarterly FBT return and payment due.

28 January 2018

GST Return and payment due.



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

The information contained in this newsletter is of a general nature and should be used as a guide only. Before acting on this information, please consult us regarding your personal situation.

Brent's Year

Closing in to the end of another year, it's great to reflect on the activities and progress that has occurred over the last twelve months.

Clients have been busy purchasing and selling farms; purchasing and developing commercial property; and undertaking land subdivisions and developments. They have been growing and achieving better results for themselves, their team members and the greater community.

The country overall has been progressing well, and with interest rates low and stable, the Equities (share) market has continued to reflect growth and strength in business.

There have been some changes too – a change in Government, a change in the weather (from wet to dry!); the property market is cooling; and migration numbers have peaked.

If we keep getting a nice summer and have a relaxing time with family and friends over Christmas, we will all be ready for the New Year.

We greatly appreciate being part of the community, and support it's efforts and achievements.

Well done everyone!

Brent



"The trouble with weather forecasting is that it's right too often for us to ignore it and wrong too often for us to rely on it" ~ Patrick Young

Quiz – Employee Allowances versus FBT

- Sam works for a Plumbing Company and uses the van for his weekend surf trips. This is:**
a) A fringe benefit b) An expense c) An allowance d) None of these
- Each Christmas, George takes a staff lunch at a restaurant. This is:**
a) A fringe benefit b) An expense c) An allowance d) None of these
- Greg buys his staff gym memberships to help them stay fit. Each membership costs \$350 per quarter. This is:**
a) A fringe benefit b) An expense c) An allowance d) None of these
- Jodi gives her staff money to buy their own work suits because she wants them to look professional. This is:**
a) A fringe benefit b) An expense c) An allowance d) None of these
- IT Consultant Laura is a sole trader who uses her business car for personal trips. This is:**
a) A fringe benefit b) An expense c) An allowance d) None of these
- Gerri works in the kitchen. The restaurant gives her a branded uniform. This is:**
a) A fringe benefit b) An expense c) An allowance d) None of these
- Mark drives his own car to meet clients. His boss pays him back for running costs. This is:**
a) A fringe benefit b) An expense c) An allowance d) None of these
- Rebecca gives her employees movie vouchers to reward them for hitting sales targets. This is:**
a) A fringe benefit b) An expense c) An allowance d) None of these
- Teresa runs a scented candle business and lets her employees buy stocks discounted to just above cost price. This is:**
a) A fringe benefit b) An expense c) An allowance d) None of these
- Cathy makes compulsory Employer KiwiSaver contributions for her staff. This is:**
a) A fringe benefit b) An expense c) An allowance d) None of these



It has just been work, work, work (with the odd day of golf). Once again I'm looking forward to the Christmas holiday break. I'm disappearing to the beach to recharge batteries, take in some sun, spend time with the family and do some fishing. Is it that the older we get the faster the year goes by?

It's that mad time of Christmas Shopping. Like grocery shopping you must have a list and there's no point going without a list. The hardest part of Christmas shopping is compiling the list. Once you have the list like the business plan all you have to do is implement and spend which should be the easy part.

I hope you all enjoy a break and don't worry about how many spoonfuls of sugar are in your drinks or food - there is always January to exercise or work it away.

Rental Properties

There appears to be a lot happening in the rental property space at present. Some current issues are 'P' and the costs to de-contaminate. Insurance cost increases as a result of 'P' contaminations. There are new insulation standards that come into effect in July 2019. There have been talks of a Rental Warrant Of Fitness and an imposition of a Capital Gains Tax. These are some of the surrounding issues that need to be considered when making the investment decision of a rental property. As a result of some of these factors are we starting to see landlords seek to offload their properties. Will this help the housing market?

When considering buying a rental property, you need to calculate the net cash flows. Does the income exceed the expenses? Quite often the property is highly leveraged, that is you have borrowed significant funds and the rent alone may not cover the outgoings and debt servicing. This means you have to introduce further funds to cover the mortgage. You now require sufficient capital gain to cover the further funds you are introducing as well as a return on your investment. What is the long term capital gain in the area you are looking to buy? Remember though - the past performance may not necessarily continue.

At the end of the day any investment decision needs to be weighed up carefully. We recommend you seek appropriate advice and make an informed decision.

Help Required

The increasing number of items booked to Farmsource (and other rural providers) charge accounts is often proving a challenge for our accounting staff, particularly when the ever-expanding range of products and services offered by these providers and their affiliated retailers is considered.

Purchases through these accounts are not often personal in nature, but many clients are not supplying copies of the relevant invoices that will allow us to determine the full nature of the item purchased. We are committed to taking a tax position that can be defended on your behalf, so please don't be offended if we request further documentation to establish the appropriate income tax and GST treatment. When processing these transactions, we try to remember that it is very easy for Inland Revenue to request this information directly from the supplier if they decide to review your business expenses.

Answers from the Quiz on front page.

1. a) FBT – This is a perk so the Company must pay Fringe Benefit Tax whether he uses the van or not.
2. b) Expense – If staff can only enjoy Company entertainment at set times the cost is an entertainment expense.
3. a) FBT – This is a staff perk, so Greg's Company must pay tax on whether or not they have the gym. It would not qualify for Fringe Benefit Tax if the amount fell under the minimum threshold.
4. c) Allowance – Payments for an employee's clothing are benefit allowances and are treated as normal salary, which is taxed through an employee's PAYE.
5. d) None of these – Fringe Benefit Tax does not apply to Sole Traders. The expenses that Laura can claim don't include private use of the car.
6. b) Expense – There is no Fringe Benefit Tax to pay on the uniform. It is defined as distinctive work clothing so a tax exemption applies.
7. b) Expense – It is an expense for Mark's boss. A payment to an employee to compensate them for on-the-job expenses is a tax-free reimbursement allowance.
8. a) FBT – Any employment related gifts or prizes are treated as benefits, but they don't qualify for Fringe Benefit Tax if the amount falls under the minimum threshold.
9. d) None of these – You pay Fringe Benefit Tax on discounted goods if the price to the employee is less than the cost to the employer.
10. b) Expense – Fringe Benefit Tax does not apply to compulsory KiwiSaver Employer Contributions because they are subject to Employer Superannuation Contribution Tax (ESCT).