

## Summer 2014



## Risk and Reward

### 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](http://www.tmnz.co.nz) or phone us if you would like to know more.



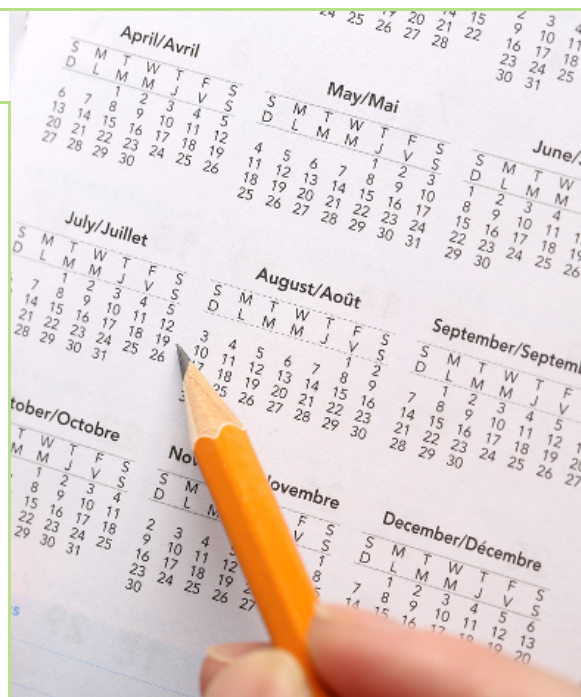
Wishing you a safe and happy holiday from all of us here. Our office will close on 22<sup>nd</sup> December and reopen in the New Year on 12<sup>th</sup> January.

# Tax Talk

## 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

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

## 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.



## '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	
If the employee is on call...	He or she is entitled to...
... 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	
If the employee is on call	He or she is entitled to
... 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.



## End of year Review and New Year's Resolutions

The end of the calendar year usually turns our minds to look back and see if we have achieved what we had hoped and in turn we form visions of where we would like to be at this time next year.

Has your business delivered on what you expected?

If not? Why not?

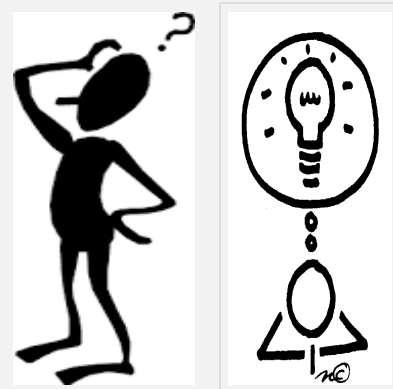
Making your targets in business is about setting realistic goals, measuring how well you are tracking towards them and adjusting your course and actions accordingly.

The summer break often provides us with time to sit back and assess things without the pressures and demands of our daily grind. It's a great time to consider what is working well, what could do with some little tweaks and what we should consider scrapping.

Take the time over your break to assess where you would like to be at the end of 2015, do the numbers, set a plan and come back refreshed and invigorated to achieve them.

Budgets, cashflow forecasts and measuring how you are going compared to your predictions enables you to control your business and deliver what you want from it.

If you need help in the New Year to pull them together we would encourage you to call us and we can assist you with templates, ideas and play the devil's advocate to assist you to build your business into what you want it to be.



## Team Changes



Now that Gaz has completed her degree, she is looking for new challenges and has accepted the opportunity for her and Barney to move to the sunshine coast of Australia. They have accepted a management role over there and we wish them every success in this new challenge.

We are of course very sad to see her leave Greenfire after more than 5 years of great service for us and our clients. She will be working with us over the coming months and our intention is to utilise her skills and knowledge whilst we search for a capable replacement.

The desire is for us to have someone in her place for the upcoming financial year end and Gaz will work with us during the transition period to ensure that your Greenfire experience remains at the high level that she has set.

If you have any questions on how this change may impact on you, please contact Lizelle or Brett so that we can address any concerns that you may have.

As we farewell Gaz, we would like to formally welcome Charmaine Farmer to the team. Charmaine has been working with us for a few months now and learning the ropes. She has been assisting Annelie in the Administration area and is now starting to focus more in the accounting area as well. She brings with her a sound knowledge in systems and processes and has quickly adapted to the challenges that this new role provides her. We are sure that you will be more than satisfied with her customer care and will prove a valuable asset to Greenfire and our clients as we move forward.

## Christmas Cheer

We would like to thank all the clients that were with us at this time last year for your continued custom and welcome those that have joined the Greenfire team in 2014.

We are pleased to be a cog in your financial well-being, we take pleasure in assisting you in your endeavours and look forward to being of service to you in 2015.

If you know of others that may want an alternate assessment of their accounting needs we would be pleased to meet with them in the New Year and see if we can be of assistance to them.

We wish you a happy and safe festive season with your family and friends and a prosperous New Year.



## 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.

### Greenfire Accounting Limited

A 3A Rothwell Ave, North Harbour, Auckland  
A Private Box 302 273, North Harbour, Auckland 0751  
P 09 414 4201  
F 09 414 4202  
E [admin@greenfire.net.nz](mailto:admin@greenfire.net.nz)