



NEWSLETTER



March 2015

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Payment Dates

20 Apr 2015 for March PAYE

7 May 2015 for March GST and Provisional Tax

20 May 2015 for April PAYE

28 May 2015 for April GST

Hello Everyone

Hello everyone, hope 2015 is going well for you.

31 March is the end of another Financial Year for most of us and it's also the last day to file tax returns for the 2014 year on time. If you have not given us your 2014 information yet or you have been sent queries that are still to be answered then please bring the information in now so that we can complete your 2014 Income Tax Returns.

Starting a business

There's a lot to consider before you start a new business, such as what business structure you'll use, do you need to register for GST, will you be an employer and which records you'll need to keep.

To help you get started during what can be an exciting and daunting time, check out the "Starting a business" section of IRD's website at www.ird.govt.nz (search keywords: "starting business").

Business.govt.nz's "Compliance matters" tool helps make business compliance requirements easy to find, understand and manage. The tool snapshots what you need to know from the main government agencies and puts it in one place.

You can access the tool at

www.business.govt.nz/compliancematters

Check out IRD's updated "Tool for Business"

They've recently updated and remodelled their "Tool for Business", making it easier to get the information you need.

The "Tool for Business" is an online interactive tool that provides you with information to get your obligations sorted as quickly and simply as possible.

The tool has been updated to a mobile-friendly format so you can view it easily at home, at the office or on the job.

Check out the new-look "Tool for Business" at www.ird.govt.nz/tool-for-business



Other resources

IRD have a range of resources on their website under "Forms and guides". Forms like

- *Smart business (IR 320) guide*
- *Record keeping (IR 323 and IR 1008) factsheets*
- *Employer obligations (IR 322) guide*
- *GST – do you need to register (IR 365) factsheet.*

Thinking of hiring – now it's easy to work out costs

Thinking of hiring staff to get more done, but worried about the cost? Business.govt.nz's new "Employee cost calculator" helps small to medium businesses make confident hiring decisions.

The calculator uses data from government agencies and "Trade Me Jobs" to tailor employment costs to your industry and the type of role you're looking at. You simply click on a couple of boxes to quickly estimate the fixed and discretionary costs of taking someone on.

You can find out what you're likely to pay straightaway and get a breakdown of costs like ACC levies, KiwiSaver contributions and fringe benefit tax.

The calculator also shows you the cost of employing someone in the first year, and a monthly ballpark figure for your budget. You can try out different scenarios and email the results to yourself, or save them as a PDF or csv file. You'll find the calculator on www.business.govt.nz's website

www.business.govt.nz/employeecostcalculator/

The website www.business.govt.nz/staff-and-hr/hiring-an-employee has up to date information of hiring an employee including an overview of the hiring process, advertising and interviewing, government help, trial periods, creating employment agreements, etc.

An employment agreement builder website can be found: <http://www.dol.govt.nz/er/starting/relationships/agreements/builder.asp>

Business.govt.nz is the first-stop-shop for small businesses looking for advice, information and tools to help them work with government. The site is part of the Better for Business – Result 9 programme delivering better public services for New Zealand.



Upcoming changes to benefit and reimbursing allowances

Changes coming into effect on 1 April 2015 will affect the tax treatment of allowances you might pay your employees.

Allowances are payments made to an employee in addition to their salary or wage and can include payments for accommodation, food or clothing.

The changes clarify the tax treatment of employer provided accommodation, accommodation payments and other allowances or payments made by employers to cover employee expenditure.

For detailed information about these changes, including if you can retrospectively apply the new rules, go to www.ird.govt.nz (search keywords: benefit allowances).

Donation Rebates / Tax Credit Claims

You are able to get a rebate up to the full amount of tax that you pay but the greater the percentage against total income, the more likely IRD will ask questions.

In order to get a donations rebate from IRD, it must be a free will donation for which there is no expectation of anything in return. St John, for example, have a membership fee in exchange for which you can expect free transport. This bit of the donation is not tax deductible. Schools have activities fees (not deductible) and donations. When looking at your school invoice, the donation will be free of GST.

It must be to a registered charity. The IRD has a list (search for "donee list"). It must be money—it cannot be the value of time, or things.

The donation must come from your earnings, not from what people give you.

You must hold a valid receipt before you can claim the donations rebates. Which is why we insist on the receipts and don't merely rely on the descriptions in your bank statements.

Saving for the Future

The first step is to pay off debt. First replace expensive debt for cheaper debt, and then work on paying off the mortgage. Once that is done, you have the whole mortgage payment to then invest in a savings plan. Did you know that if you set aside.

\$10 a week for 10 years is \$5200, or \$5755 at 2%, or saving \$7120 on the mortgage at 6%. \$10 a day for 10 years is \$36400, or \$40287 at 2%, or saving \$49837 on the mortgage at 6%.

We are not a huge fans of Kiwisaver for self employed people because it locks away the funds that you may need now. Once the business is established, pay down your loans, and then look to what your savings options are.

There's no point in going on a spending spree to save taxes

If your sole objective is to reduce your tax bill, than it costs less cash to pay tax, than it does to save tax. If you want to save \$1 of tax, you need to spend \$3 to someone to get an expense claim so IRD can pay you \$1 back ie you are out of pocket \$2, versus just being out of pocket \$1 for tax you are trying to save.

Xero Cashbook

We are transitioning some clients to Xero. The most popular option for GST registered clients is Xero Cashbook. This product is considerably cheaper than the Standard option offered by Xero online but does not include invoicing. Xero Cashbook is only available from your Accountant. So talk to us first before setting up Xero yourself.

If you are interested in using Xero or think that Xero may suit you better and would like more information please contact Wayne or Dianne to discuss.

For clients who are currently using BankLink Books – both options work well. Xero allows us to log in at the same time and there is no uploading or downloading of files each month. BankLink - either you have the live file or we do – not both. Xero - You can login at any time and the Bank Feeds up to the day before are available to be processed. BankLink – we get the data each day but upload the file to our BankLink Books clients each month or more frequently when requested to.

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