

HEADS UP from your Business Advisors

Autumn 2017

mb milnes beatson
CHARTERED ACCOUNTANTS + BUSINESS ADVISORS



WHAT'S UP WITH INLAND REVENUE

⇒ Selling across the ditch - GST on low value goods

Do you sell goods to Australia? If so, you may be affected by proposed new Australian tax rules. At present, goods valued under 1,000 AUD do not generally have Australian GST applied to them where they are sold into Australia directly to the end customer but this is expected to change. The Bill hasn't been passed yet but it looks as if it will.

So if you sell low value goods to Australia and your GST turnover of low value goods sold into Australia is over or close to \$75,000, please contact us to talk about how this might affect your business.

⇒ Transforming GST

Inland Revenue are rolling out changes to how New Zealanders file and manage their GST as part of ongoing business transformation. If your business

files your GST through Inland Revenue's secure online service myIR, or direct from your accounting software, you may have noticed there's a new myGST tab on your myIR account. This provides access to all your GST information. Inland Revenue send emails to advise you when you have a notification or correspondence waiting, so we recommend getting into a regular habit of checking - you need to open myGST to access these messages.

As we have indicated previously, Inland Revenue is also moving closer to phasing out cheque payments so it's worth considering this as you become more familiar with processing your GST online.

If you have had an opportunity to use this new service already and would like to talk to us about it, please contact our Tax Manager, Cath Marshall – cath@mba.net.nz

⇒ Faster GST refunds

It is now compulsory for Inland Revenue to provide GST refunds by direct credit to a taxpayer's identified account, resulting in faster GST refunds. Obviously it's important that Inland Revenue has your correct banking details. If you would like us to confirm they have your current account details please let us know.

From here on, Inland Revenue will only make GST refunds by cheque if they do not have a customer's bank details or if there are extenuating circumstances, such as hardship.

⇒ Miles to go – changes proposed for motor vehicles (see page 3 for details)

⇒ Home office

There is a new alternative option for calculating home office applying from 1 April 2017 (for standard balance date taxpayers). Under the new option, home office deductions can be determined by using a 2-step calculation. The first step involves taking the ratio of the area of the premises used for business purposes to the total area and multiplying this by a specified rate set by Inland Revenue. The second step then requires the mortgage interest, rates and rent paid for the year to be multiplied by another specified rate set by Inland Revenue and adding this to the amount calculated in the first step. Depending on your circumstances, this new option may be beneficial to you and we will discuss this with you if it applies to you.



AUTUMN and HARVEST -
time for a fruitful newsletter

CONTENTS: Tax updates
Field Trips
New Staff
Grant's Blog

DAVID'S BIG DAY OUT

Well, it was a couple of days as it happens, David's journey to the deep south to visit a client's farming operation.

He finds such trips extremely valuable and enjoyable.



It's a tough life
but someone has
to live it.



It's easy to minimise the challenges a client can face. The size of Godley Peaks makes it a very big day out. Driving 30 km from the homestead up the Godley Valley was amazing, and there was still 15- plus kms to the back boundary! When you drive the distance with the farm manager, it gives a day on the farm a different perspective.

Every business has its own special challenges and barriers to success and having your accountant understand what's important to you has to be valuable. Such visits provide a great insight into the challenges our clients face and a better understanding of how we can help them.



Has Rob got the key?

Grant's Blog

As Accountants and Business Advisors, we spend many hours discussing and advising our clients on business matters. Sometimes events make us ask ourselves if we are walking the walk, not just talking the talk.

Over the summer break, our Business Manager had an injury, which meant he has only just returned back to full time work this week. During his time off, we had to rely on our procedures and cross training to ensure that all duties were performed by someone else and that there was minimal impact on our business.

Satisfyingly, we seemed to cope ok, but it did reinforce to me the need to continually "risk assess" our business and therefore understand the type of risk/cost with regards to: loss of staff; IT matters; third party services; natural disasters; matters which might have an impact on our business.

It's not possible to cover every event 100%, otherwise we would add significant additional costs to our business, but at the same time as our business evolves, our business risk changes and we need to be aware of this and plan accordingly.

Some questions you might want to think about:

Employee Related Risks Revenue Related Risks Expenses Related Risks Quality Related Risks Schedule Related Risks

If you wish to discuss any of these matters, please don't hesitate to give me a call.

[Grant Inglis, Director.](#)



It's a long way back to the farm
house to get it!!

FARM FIELD TRIP



The accounting team learning about hops.

Another opportunity taken to learn more about one of our client's and his industry.

Grant said it was not only interesting but also useful to see the farm operations so that when they see the expenses going through the books they can relate them back to what the client is trying to achieve.



Colin sniffing the hops



Stripping the hops from the vines



The drying room

What they thought:

- "it was fascinating to see the process from go to whoa"
- "seeing how the dollars are invested gives me a better perspective"
- "it was all new for me and I loved seeing the machinery in action"
- "it was really interesting seeing the drying process"
- "good to be able to put the numbers into a real-time context"
- "it's helpful seeing the equipment that might otherwise just be a name on an invoice"
- "the tasting room was pretty enjoyable"

WHAT'S UP WITH INLAND REVENUE ... continued

⇒ Miles to go – changes proposed for motor vehicles

Currently close companies (such as LTCs and QCs) providing a motor vehicle for the private use of shareholder-employees must pay FBT on the value of the benefit provided. This value is based on the availability of the vehicle rather than its actual private use and this means higher FBT compliance costs for close companies.

With **recently introduced legislation**, this changes for the 2018 tax year (i.e. from 1 April 2017 for standard balance date taxpayers). Now these companies can treat vehicle costs in the same way as sole traders and partnerships, that is, measure the business use and calculate expenses to be deducted accordingly.

Also introduced is a new simplified method of calculating business use for vehicles. The new option would allow you to choose to calculate your business usage and resulting deductible expense differently. The new method does not have a ceiling (currently the ceiling in place is 5,000 kilometres of business use).

What you need to know

If you are self-employed or if you operate through a close company and this applies to you, you would need to know the total mileage travelled each year and be able to work out what proportion of that is business use.

The actual requirement would be for you to keep a vehicle logbook for three months every three years. The calculation for the tax deductible amount is two-tier but of course we will do this for you.

What you need to do

To gear up for the change, at close of business on 31 March, record your odometer reading. Diarise to do the same thing next year. You want to be able to tell us the total number of kilometres travelled in the tax year when you bring in your records. And, sometime during the year starting 1 April 2017, keep a logbook for each vehicle for a three-month period to record mileage, costs and when the vehicle is being used for business or private purposes.

If you're in any doubt as to whether this affects you, please contact us.

The last word on tax from Cath Marshall (Tax Manager): when paying tax online, be careful to choose the correct tax code for the type of tax you're paying, and if you're not sure—give us a call.

STAFF UPDATE

2016 was a busy year for staff to move onwards and upwards and so now we have a few new introductions to make.
Find out more about them online at www.mba.net.nz.



Aaron Ralph
Accounting Graduate



Alex Brewer
Accounting Graduate



Trudy Beatson
Intermediate Accountant



Louise, Tanya, Lisa - completing the Admin team

Look at people around you,
appreciate them,
compliment them,
do a random act of kindness

Did the staff let the bosses win??



From the christmas outing at ProKarts

Big Beach Clean 2017 - Kina Beach to Ruby Bay



A glorious day for a feel-good activity !

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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.