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## tax + business newsletter

### Summer 2014



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### 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.



### Christmas closing period

Our offices will close from **Friday 19 December 2014**, until  
**Monday 12 January 2015**.

To all of our fabulous clients, business associates and supporters, we wish you a great Christmas and a successful 2015.

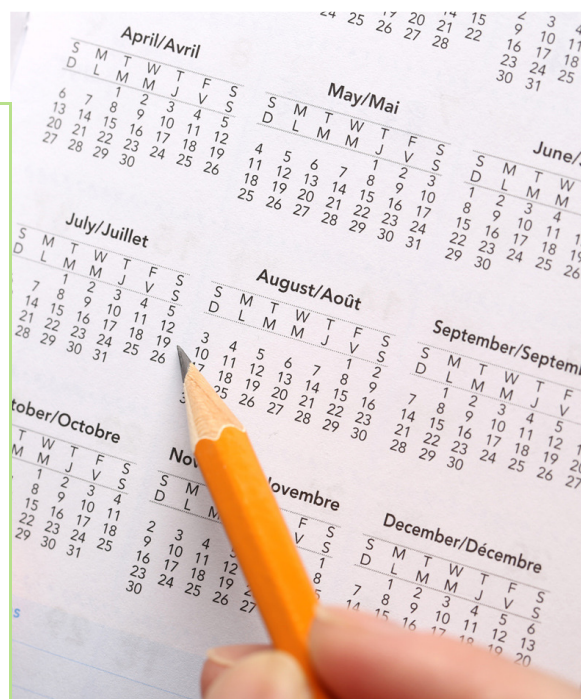


# Tax Talk

## 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
	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
	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

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.



Wishing you a safe and happy holiday from all of us here. Our office will close on 19 December 2014 and reopen in the New Year on 12 January 2015.



Beautiful accounting software





## '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	
<i>If the employee is on call...</i>	<i>He or she is entitled to...</i>
... 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	
<i>If the employee is on call</i>	<i>He or she is entitled to</i>
... 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.

# Did you know that we can help you with ... ?

## Business Financial Statements for ...

Sole Trader, Partnership, Company, Trusts –trading, investments and family homes, Rental properties and Tax Returns

## Financial and Tax

Payroll

Estate – final tax return

GST returns and Cashflow Summary

FBT returns – 4 quarters including multi rate calculation

Monthly/Quarterly Management accounts

Regular income tax planning



## Company and Trust

Initial administration review of your company records and annual review thereafter

New Company Incorporation

Share Transfers and Company windup

Initial trust administration risk review and annual review thereafter

Trustees' resolutions

## Other Services

MYOB and Xero application and support

ACC administration and advisory

Business Valuation

Budgets/Cashflow Forecasts

### 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.*



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