

The L O Down

NEWSLETTER WINTER 2018



Paul O'Donnell (centre) and Fiona Wratt (far right) with the 2018 Young Viticulturalist of the Year contestants.

RENTAL RING FENCE

The Government is currently discussing introducing the ring fencing of rental losses. The proposal is that from 2020 rental losses will not be able to be used to reduce other income (wages, salaries, business) for tax purposes. Investors will not forfeit these losses – they will be carried forward and can be used to offset income when the investments become profitable.

The impact would be largely a timing issue impacting the cashflow for property investors. Commentators have suggested there is no clever structure that can be set up to circumvent the proposed rules. Trusts cannot distribute losses to beneficiaries anyway. It will also be important to look at companies with residential property investments as there would be specific rules about how ring fences apply to these.

Note these rules would not include a main home or land held on revenue account nor assets which are subject to the 'mixed use' asset rules.



FREE INTRO TO FIGURED

**Tuesday 11th September:
10am – 12noon**

**Chateau Marlborough, High Street,
Blenheim**

RSVP to admin@leslieodonnell.co.nz by
Friday 7 September

**A smart, simple farm financial
management software**



FBT... SO, WHAT CAN YOU DO?

For an SME owner, that's quite a daunting list, and a good reason to talk to your accountant. An expert, independent set of eyes will help you determine what you need to do in all cases, what you *don't* need to do, and also how to go about doing it (including creating proper documentation).

The value of expert advice is heightened by some of the finer points of FBT legislation. For example, did you know that if an employee takes a vehicle home one evening and returns to work with it the next morning, the laws says it's been available for private use on two days?

Did you know that IRD expects you to check that employees are adhering to restricted use policies at least once every quarter?

Did you know that just because a vehicle has your company logo on it, that doesn't automatically make it a work-related vehicle, which then means it doesn't automatically become exempt from the usual requirements of FBT?

Did you know there is also a new option for some companies that have one or two vehicles to elect to use the motor vehicle expenditure rules rather than pay FBT in certain circumstances?

If you didn't know all those things, take a bow – you're in great company! FBT is complex, to say the least! The good news is that IRD also recognises this and will work closely with you to help you comply. The best approach is to get professional advice (that's us) and, where appropriate, go to IRD for a written opinion on any matters that aren't crystal clear. That way, even if IRD disagrees with your FBT return, they'll see that you've taken reasonable care to get things right and may not impose penalties.

So, when are you liable for FBT? Any time you provide non-cash benefits to your staff – which means the list is potentially endless. In practice, however, most non-cash benefits fall into one of these categories:

- Insurance premiums
- Motor vehicles
- Subsidised transport
- Staff vouchers
- Offsite carparks

TEAM UPDATE

Don March is slowly easing into retirement and can now be found quite regularly on the golf course. Don has been with Leslie & O'Donnell for 13 years and is a familiar face to many of you. While he is still doing a few days in the office – the golf course is starting to win with the improving weather.

We would like to acknowledge the contribution that Don made to the business. We are already missing his unique sense of humour.

Johan Tomes has joined our accounting team after arriving in New Zealand from South Africa.

While new to Marlborough, Johan has over a decade of accounting and business advisory experience. In South Africa Johan and his family spent the weekends on their pecan nut farm just outside Pretoria and he is looking forward to getting to know many of our rural clients.

As you may have noticed Melissa Gardiner is expecting a baby. Her husband John has been busy hiding away his model collection (they are not toys). Melissa is planning to work until the end of August and we wish her and John all the best.



XERO INVOICES

With the introduction of direct debits we have changed the way we invoice Xero fees. These will now be invoiced monthly.

We have had a great response to clients signing up to direct debit payments and for accounting fees we can also offer fixed price plans with monthly payment for clients wanting more certainty.

If you are finding the monthly invoices too much please call Joss or email joss@leslieodonnell.co.nz as we are happy to invoice bi-monthly, quarterly or annually if you prefer. If you would like to start paying by direct debit please contact us for a form.

NEW LOOK INVOICES & TAX NOTICES

As part of our systems upgrade our invoices now run through Xero so be aware they will look slightly different. We also now have the ability to email tax payment notices. August will be the first month we email most notices.

Your account manager will be checking you have received these. Please let us know if you have any issues.



CHANGES TO FAMILIES PACKAGE

If you receive the Families Package (formerly the Family Incomes Package), you may be affected by three changes that came in on 1 July. They include:

- a Winter Energy Payment to help older people and low income families heat their homes
- a Best Start tax credit for families with young children
- increases to Working for Families tax credits

The changes will be made automatically. Anyone who isn't a Work and Income client may need to apply for Best Start tax credit through Inland Revenue.

Boosting Working for Families tax credits

From 1 July the eldest-child rate will increase to \$5,878 a year, and for subsequent children to \$4,745. The threshold will increase from \$36,350 to \$42,700, and the abatement rate from 22.5% to 25%. This means that the amount of the family's income at which Working for Families tax credits starts reducing is increased, however the amount of the reduction has increased from 22.5c in the dollar to 25c in the dollar. The result is net increase to families receiving Working for Families tax credits.

Best Start

The Best Start payment of \$3,120 a year (or \$60 a week) per child is designed to help families meet costs in a child's early years. It will be available to all families in their child's first year and for low- and middle-income families in the child's second and third years. Best Start payments will be abated at 21% for income above \$79,000. It will be made available for children born after June 30 and will replace the Parental Tax Credit.

Winter Energy Payment

The Winter Energy Payment is aimed at helping people on a benefit, New Zealand Superannuation or a Veteran's Pension to heat their homes in winter. It provides \$20.46 a week for single people, and \$31.82 a week for couples or people with dependent children. It will be paid from 1 July to 30 September 2018.

NO MORE GST QUESTIONNAIRES

We have made a few improvements to the way we complete GST returns.

1. **No more questionnaires** – as the questionnaire is not a requirement of the IRD or ICAANZ we have stopped sending them. Instead your manager will send you an email at the start of the month GST is due requesting information.
2. **Electronic signing through Xero** – we now offer electronic signing of GST returns. You will receive an email that will allow you to review and sign the GST return. Once you sign the return it is automatically filed with the IRD.
3. **Fixed Fee Plans** – do you want more certainty in the accounting fees you will pay? Just ask your manager to look into a fixed fee option for you.
4. **Direct Debit Accounting Fees** – we now have the ability to direct debit Xero and accounting fees. You will need to fill out a direct debit form to get these started. Please email admin@leslieodonnell.co.nz and a form will be sent to you. We do require an original signed copy to be returned to us as the banks will not accept a scanned copy.
5. **Monthly Performance Reporting** – we are able to send you business performance reports when we complete your GST return. Please let us know if you want more insight into your business performance.
6. **Getting bogged down with GST?** – increasingly clients are asking us to complete their GST returns for them. This gives them peace of mind all is correct and filed on time. We have found this can often reduce the overall accounting fees – due to less time correcting errors. It might be worth considering.





NEW MILAGE RATES FOR THE 2017/2018 INCOME YEAR:

Petrol or diesel

76 cents
26 cents- after 14,000kms

Petrol hybrid

76 cents
18 cents - after 14,000kms

Electric

76 cents
9 cents - after 14,000kms

Just let us know if you need any help with motor vehicle deductions.

Leslie + O'Donnell
chartered accountants

Paul O'Donnell B.COM, CA DIRECTOR

Alexandra Barton B.COM, LLB, CA DIRECTOR

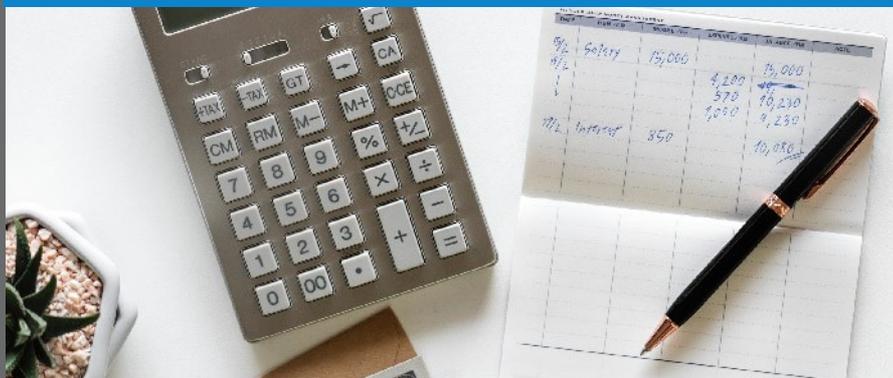
65 Seymour Street, P O Box 109, Blenheim
Phone (03) 579 3093, Fax (03) 579 3099

ACC ANNOUNCES CHANGES TO COVERPLUS EXTRA

If you're applying for an ACC CoverPlus Extra policy, it's worth noting that the policy no longer starts on the date of the application, but when you sign the offer letter. So if you have such a letter in your in-tray waiting to be signed, now's the time to get onto doing that.

ACC has also issued a reminder that CoverPlus Extra policies are being cancelled when invoices are not paid by the due date.

Other recent changes include how payment plans and credit payments are managed. If you're affected by these changes, you'll receive an updated schedule from ACC, so there's nothing you need to do. If you want to discuss your payment schedule with ACC, call their freephone number, 0800 222 776. If you would like us to manage that for you, please let us know.

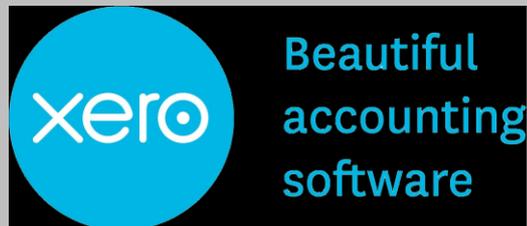


FREE XERO INTRODUCTION

If you haven't yet seen the impact Xero can have on managing your business, we offer monthly free client group training sessions to introduce you to the programme.

Xero is a cloud-based accounting system, you can access it from the internet – anywhere, anytime, wherever you are. Xero will streamline your books and make those book keeping tasks so much easier.

If you would like to attend our next 'Introduction to Xero' session please email admin@leslieodonnell.co.nz and Brenda will book you in. These sessions are held at our office usually from 10am – 12noon.



***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.*