

The L O Down



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Leslie + O'Donnell
chartered accountants

Directors: John Leslie & Paul O'Donnell

Ph: 03 579 3093

Email: admin@leslieodonnell.co.nz



Risk and Reward

Scheme swapping across the ditch

The Australian government recently announced that they have made changes to legislation that will allow New Zealanders to transfer their retirement savings from KiwiSaver into a compatible Australian scheme and vice versa.

This legislation is the result of an arrangement between the New Zealand and Australian governments and removes an obstacle between the two countries, providing the ability for people to take advantage of employment opportunities in either country, while still continuing to contribute to a retirement scheme.

Australia's ruling is that it is compulsory for employees to be involved in a superannuation scheme. This means that previously, any Kiwis working in Australia who were contributing during the time of their employment had to leave that money in Australia when and if they returned to New Zealand.

The Australian Tax Office recently estimated that it is holding NZ\$21 billion in lost accounts, which has been put down to contributing Kiwis who have returned home and had to leave their contributions behind as a result. The new scheme will mean that this money can be transferred from the Australian scheme, to their scheme provider here in New Zealand.

The transferring of funds will not incur any entry or exit taxes but the downside is that Kiwis will not be able to use their Australian superannuation fund towards a new home. However any interest earned on the account may be used to do so.

The Australian scheme will have to comply with KiwiSaver in order for the transfer to be made as not all schemes are compatible.

If you have contributed to an Australian superannuation scheme in Australia and want access to your funds, visit www.kiwisaver.govt.nz

Tax Talk

Changes to online tax returns

The IRD have made changes to the way you file your GST returns.

In September last year the IRD introduced the eGST filing service. Now the decision has been made to remove the ability for the public to access the standard online form, meaning customers will need to change their filing methods and register to file their returns through MyIR.

The IRD will have sent a letter to all clients in July notifying them of the change. In addition to this a new GST email service has been established to alert customers registered with MyIR that their GST return is available, three days before it's due.

For more information on the changes to online GST returns, visit www.ird.govt.nz





Changes to parental leave and the minimum wage

On 1 July 2013, the rate for Parental Leave and Employment Protection increased. The change has been made in line with the alteration to the average weekly wage.

The maximum amount available to eligible employees and the self-employed increased from \$475.16 to \$488.17 gross a week.

The minimum parental leave payment for self-employed persons increased from \$135 to \$137.50 gross a week.

Each rate is calculated based on the employee's average weekly earnings and those eligible for the scheme are entitled to 14 weeks.

If you always do what you always did, you will always get what you always got. - Albert Einstein

Invest in your business - invest in your staff

Your staff can often be one of the most valuable assets in your business. By investing in training, and taking the time to develop their skills, you will find that they not only feel valued as team members but it can also improve know how and the ability to adapt in unknown or new situations.

Although up-skilling is not always a low cost solution, it's important that it's viewed as an investment in your business. Some of the benefits to up-skilling include:

- Staff retention - employees who are given ongoing training feel valued and tend to remain loyal
- Improved quality and productivity - providing staff with the skills to deal with more challenging and potentially unexpected tasks
- The flow on effect - motivated employees have a more positive attitude and this can influence other members within your team
- Staying competitive - with a great team behind you, you have the potential to become the best in your market

There are many organisations now providing staff training programs throughout New Zealand. Before embarking on a training initiative, do your research. Ask yourself what you think would benefit your team and start from there. Take the time to invest in your staff and you will not be disappointed.



New mixed-use assets rules, lease payments and other measures now law



Tax rules on lease inducement payments and surrender payments now law

A recent change in legislation introduced new rules on the tax treatment of lease inducement payments and surrender payments. From 1 April 2013, such payments are deductible for the payer and taxable for the recipient and are subject to spreading rules.

If you are negotiating or renewing commercial leases, we recommend talking to us to ensure any tax considerations are correctly taken into account.



Renting your beach house out?

As previously signalled in earlier issues, new rules on claiming expenses for mixed-used assets such as holiday homes (assets being used both privately and for earning income) have been passed in to law.

Previously expenses have been subject to a private to business ratio (including when the asset was available for use even if it wasn't being used). The new rules restrict the deductibility of this expenditure by limiting the expenditure allowed for the period that the asset is available for use and not used.

Even though these rules have just been enacted, they actually apply from 1 April 2013. If you own any assets such as a holiday bach or a boat and rent these out during the year, please come and talk to us. The government has publicly stated they are expecting an extra \$50m in revenue from these new rules, so they will be enforced.

A leader is a dealer in hope. - Napoleon Bonaparte



Banklink Training

Banklink have offered to come to Blenheim and do some training for our clients.

We have a lot of clients using Banklink and using it very well but there are often areas clients may not be sure about or do not use in the system.

If there are enough clients interested in attending a Banklink training course to help enhance their knowledge of the cashbook and some tips and tricks for using it more efficiently, we will organise a session with a Banklink trainer.

If you are interested, please contact us and let us know.

Tell us if there is any particular area of Banklink you would like training on.

Once we have enough people, we will contact Banklink to organise a training session for you.



WINDOWS XP

Are you running Windows XP on your Computer?

From the 8th April 2014, the support for this version of Windows will Not continue.

This does not mean your PC will stop working.

It does mean that Microsoft will no longer invest their millions or any resources into maintaining or updating it.

There will be no technical assistance available or automatic updates, including security updates.

The biggest threat caused by this lack of support is to the Security of your computer.

There is a greater risk of your data becoming vulnerable to corruption, viruses, spyware and other malicious software as there will not be any updated protection to save the day.

You may want to consider shopping around for either an upgrade of your operating system to a later version or a new computer.



'Take time to be sure, but be sure not to take too much time' Kushandwizdom

Potential Interest Savings Using a Tax Pooling Company for Provisional Tax Arrears

	Months since Prov Tax was Due			
\$Amount Outstanding	4	8	12	16
5,000	25	73	122	163
10,000	50	145	243	327
25,000	125	363	608	817
50,000	383	794	1,215	1,633
100,000	767	1,588	2,431	3,267
Please note these savings are based on interest only. Any late payment penalties saved would be in addition to this				

TAX POOLING

Tax Pooling allows provisional taxpayers to reduce their exposure to IRD interest costs.

Underpaid Provisional Tax will result in interest being payable to the IRD currently at 8.4%.

Tax Pooling allows you to purchase tax credits already paid on the dates you require, therefore not incurring IRD Use of Money Interest. Instead you pay a lower amount of interest to the Tax Pooling Company and this can result in significant savings for you.

We can quickly arrange a tax purchase on your behalf with access to several Tax Pooling Companies to get the best deal for you.

Call us to discuss or organise a quote to see if this will work for you.

***Every problem has in it the seeds of its own solution.
If you haven't got any problems, you don't get any seeds.***
- Norman Vincent Peale

TRUST ADMINISTRATION

Are you aware of your duties as a Trustee? If you are not, it may be time to thoroughly review your Trust administration and obligations.

Some examples of missing or incomplete information that can lead to major problems in the future are:

1. Annual gifting of Settlers' loans not completed
2. Trust minutes not completed.
3. Lease documentation not on file and current.
4. Registers regarding Trustees, Beneficiaries, significant events and gifting programmes not properly maintained.
5. No Settlers' memorandum of wishes

There is a clear need for Family Trusts to be comprehensively reviewed to ensure your trust cannot be challenged by any other party.

Leslie & O'Donnell Ltd provides maintenance of Trust records for many of our clients but there is still a need for a Risk Review Process which we highly recommend.

The review will address all of these concerns and provide a "warrant of fitness" of trust documentation and administration.

Susan McDonald is our Trust Administrator and can help with more information or please discuss with John or Paul or your Account Manager on how to proceed with a Trust Risk Review to protect the future of your Trust.



BUSINESS COACH/MENTOR

Are you satisfied with how your business is running or do you feel a little training would help clarify where the problem areas are and how to improve for the future?

Leslie & O'Donnell has a wealth of knowledge over various businesses and industries. We want to share that knowledge to add value to the normal compliance work we do for clients. It is not just about Tax, GST and historic financial accounts. We are here as your Business Mentor/Coach for the future.

Talk to us today about working together to build/grow your business and making a strategic plan for a positive future.

Wills & Estate Planning

Making a will is essential if you want to ensure your money goes where you intend it to after you die and may also be essential in ensuring your business continues to operate without you.

Have you reviewed your will lately, especially in respect to business operations and assets?

There can be major tax implications and costs incurred, if the transfer of assets to beneficiaries is not structured correctly.

We are dealing with more and more estates that although the intention of the will was clear, the way the business was structured results in taxes being payable on the transfer of assets.

Please talk to us regarding your business structure and how best to specify your wishes in your will to enable the business to continue and for your loved ones not to be hit with unexpected expensive tax issues.



Tax Payments

You can pay your tax payments in several ways but you must ensure they go with the correct details.

Post - Please send these early and with the correct payment slips to ensure they get there on time and are lodged without the risk of late payment penalties.

Westpac - You can hand payments over the counter at Westpac with the payment slip details. They will receipt your payment the same day.

Internet – Please ensure the correct Tax Type & period is stated when making your payment on-line.

The IRD need the correct details on tax payments to ensure they get applied to the correct tax type and period.

This is important otherwise payments can be lost in "Suspense" in the IRD system until they are contacted to sort them.

Getting the details correct when making the payment will avoid us, or you, having to spend time contacting the IRD to put it right.

If you are not sure, please contact us – we are happy to help.

We're all about collaboration.

We are proud to be a local sponsor & supporter of the MRC/Riddet Institute initiative and wish the Marlborough Food & Beverage Innovation Cluster every success.

Marlborough
Food + Beverage
Innovation Cluster

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2013 is rolling along quickly and Christmas is just around the corner.

Have you got your records into us for the 2013 financial year?

Our client questionnaires are available on www.leslieodonnell.co.nz or call reception and we can email or send one out to help gather your information.

Call us for an appointment to start the ball rolling.

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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