

# Around the Office – Commercial Newsletter



BROWN GLASSFORD AND CO LTD

Your Focus : Your Business...

Our Focus : Your Business...

Autumn 2018

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## PETER & CAMERON

After 19 years at the helm of Brown Glassford & Co Ltd, forming the company with Graham Brown, Peter Glassford has decided to step down as a director. Peter will remain as a Consultant with a focus on strategic planning, governance and mediation. Cameron Rolls will be taking over Peter's role as Director and is looking forward to continuing to work with those clients he already knows and meeting those clients he has yet to meet. A letter has been sent out to Peter's clients in March informing them of this change but if you were one of Peter's clients and did not receive this letter but would like a copy please contact the office.

## OFFICE HOURS

Our office will be closed on Wednesday 25<sup>th</sup> April for ANZAC Day and on Tuesday 8<sup>th</sup> May where all the staff will be taken out of the office to visit a Dairy and a Sheep & Beef farm to see how these are operated.

Should you need to contact us urgently during this time, you can contact David, Paul, Cameron, Peter, or Graham on their mobiles. These are as follows:  
Peter 027 439 3246, David 021 222 0198, Paul 021 263 6669, Graham 027 437 3199, Cameron 027 346 8594.

## 2018 ANNUAL QUESTIONNAIRES

31st March 2018 has now passed and the new "tax" year is underway. For those of our clients with MARCH BALANCE DATES you should have by now received our annual questionnaire. If you have not received this, please contact our office or you can download a copy of the questionnaire from our website (click [here](#)).

These questionnaires are an important part of the accounting process and help both us and yourself to prepare your Annual Reports in a timely, cost effective manner. Please read and fill in the questionnaire as completely as possible before you return these to us.

## CHANGING SOFTWARE

If you are thinking of changing software, or already have, please let us know. We may be able to help you make the decision on which software would be best for your business. Timing the change is also important as changing at the beginning or start of the financial year usually makes for a seamless transition come financial preparation time.

## STAFF NEWS

### ARRIVALS

#### Vinnessa Jones

We have a new Grad – Vinnessa Jones who has started with us.

Vinnessa is from a farming background and just graduated from Lincoln University with a Bachelor of Commerce majoring in Accounting and Finance. We think she is a great addition to our team here at Brown Glassford.

We wish her well as she settles into her role and a life after university!

### BRIGHT-LINE PROPERTY RULES

The bright-line property rule has changed. From 29 March 2018, people who sell a house in New Zealand within *five years* of buying it must pay income on any gains, unless it is their main home.

If you bought a house 1 October 2015 to 28 March 2018, the original two-year bright-line rule still applies for you. That means if you sell your house within two years of buying it you will pay income tax on any gains, unless an exception applies.

All existing property tax rules still apply. Therefore, even if the bright-line rule does not apply in your situation, that does not necessarily mean you will not need to pay tax on your property profits.

### AUDIT INSURANCE UPDATE

We wish to advise clients we are no longer using Audit Shield for IRD/Audit Insurance cover for our clients. As part of Brown Glassford's membership with NZCA, we are eligible to join their insurance scheme. This scheme provides cover for additional reasonable and necessary accounting costs incurred as a result of any audit, official inquiry, official investigation, official review or official examination undertaken in relation to a lodged New Zealand tax return, by or on behalf of the government of New Zealand and any division or department thereof. There is no separate annual charge to any client and all clients are automatically covered under this new insurance scheme, for which Brown Glassford carry the cost of the premium. Clients will be charged up to the excess amount of \$1,000.00 in the event of a claim. If you have any questions regarding this, please do not hesitate to contact us.

### CONTACT FROM INLAND REVENUE

If you receive a text or email from Inland Revenue regarding a late payment of terminal tax we urge you to contact our office in the first instance as we will be able to assist, given we have all your information to hand. Inland Revenue's systems can be delayed meaning you may receive a message even if you have paid your tax on time. Receiving this contact from Inland Revenue can be alarming, but often there is a simple explanation, so do not worry - just contact us and we will be happy to help.

### INDEPENDENT DIRECTORS

It is common in New Zealand for the directors and shareholders of small companies to be the same people and many are also employees of the company, executive directors. Whether this is in the form of a family owned business or just a small to medium sized enterprise made up of unrelated individuals this involvement on all levels can create difficulties. The advantage of such a setup is that the individuals are motivated to make the business work and be profitable. The downside is that the closed nature of the board can leave gaps in the knowledge and experience held by the directors and their closeness to the business can lead to subjective decision making. Depending on the numbers on the board, this can also lead to a stalemate position if there is a difference of opinion on matters requiring board approval. There are two other types of directors that can be brought into the board to help address these issues, non-executive directors and independent directors.

Whilst both non-executive and independent directors can address the lack of knowledge and experience, a non-executive director may be representing a shareholder and, therefore, may not act without some bias. An independent director will generally have no links with the company, other than sitting on the board, and have no affiliation to any of the other directors or shareholders.

The Institute of Directors website has some useful information on what you need to consider when deciding whether your business could benefit from the expertise of an independent director and the qualities to look for in selecting the one who would be most beneficial to your business.

### EMPLOYMENT RELATIONS AMENDMENT BILL (PENDING)

As announced by the Government, trial periods will be affected by the changes to the Employment Relations Act 2000 by the Amendment Bill, but only for employers with more than 20 employees. The Bill removes the ability for an employer to use a 90-day trial period, unless it employs less than 20 employees. Those with less than 20 employees will still be able to use trial periods. Where a trial period cannot be used, an employer could introduce a probationary period to its employment agreements. However, there are more controls in place surrounding when an employee may be dismissed under a probationary period. Controls include the requirement to follow a fair process, and having a fair reason for dismissal that has been communicated to the employee. However, it is worthwhile for employers to review and consider these amendments to employment agreements if the Bill is passed into law.

### MINIMUM WAGE, ACC & STUDENT LOAN THRESHOLD CHANGES 1 APRIL 2018

- The minimum wage increased to \$16.50/ hour
- The maximum ACC earnings threshold increases from \$124,053 to \$126,286 per annum. The ACC levy rate will remain at \$1.39.
- The earnings threshold for Student Loan deductions increases from \$19,136 per annum to \$19,448.

### INCREASE TO PAID PARENTAL LEAVE

From 1 July 2018, paid parental leave for eligible employee will increase to 22 weeks from 18 weeks. Parental leave payments will continue to be made by the Government and employers obligations to hold positions open for the duration of parental leave remain unchanged.

### WORKING FOR FAMILIES

From 1 July 2018 as part of the Governments Families Package the Working for Families Tax Credit income limits will increase as per below.

#### Working for Families Tax Credits Income Limits 1 April 2017 – 30 June 2018

Number of children	Annual Income (before tax)		
	Family tax credit	In-Work tax credit	Parental tax credit
1	\$57,781	\$74,537	\$84,314
2	\$72,674	\$89,430	\$99,208
3	\$87,568	\$104,323	\$114,101
4	\$102,461	\$122,683	\$132,461
5	\$117,354	\$141,043	\$150,821
6	\$132,248	\$159,403	\$169,181

#### Working for Families Tax Credits Income Limits 1 July 2018 – 31 March 2019

Number of children	Annual Income (before tax)	
	Family tax credit	In-Work tax credit
1	\$66,212	\$81,292
2	\$85,192	\$100,272
3	\$104,172	\$119,252
4	\$123,152	\$141,352
5	\$142,132	\$163,452
6	\$161,112	\$185,552

As from 1 July 2018, the Parental Tax Credit will be replaced by the Best Start payment. This will be available for all families for the first year of a child's life at \$60 per week. These payments will be abated for the second and third years for incomes above \$79,000. For those families receiving paid parental leave, Best Start payments will begin after paid parental leave ends.