

Beyond the Farm Gate – Farm 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 25th April for ANZAC Day and on Tuesday 8th 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 won't 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.



EMPLOYMENT ISSUES

The end of the dairy season will soon be upon us, which brings with it the usual staff movements so it is a good time to review the requirements for Employment Contracts.

Minimum employment entitlements for Farm staff.

Part of being a good employer is ensuring that everyone on your farm receives their minimum employment entitlements. These basic and long standing entitlements are common to employees across the nation and include:

Employees must receive a copy of their employment contract.

Every employee must receive a signed copy of their employment contract. There are a couple of traps to be mindful of here:

- In an employment contract an Employer cannot contract out of legislation so be mindful of the conditions that are added to any employment contract that may run contrary to the "Laws of the Land".
- If an employee starts work before they receive a copy of their employment contract then the **90 day trial period will be deemed null and void.**

Measuring all salaried staff against minimum wage for each pay period.

Each hour of time worked must be recorded and then measured against minimum wage for the pay period. There are a few little quirks to take note of here:

- If you pay weekly then hours must be measured on a weekly basis, pay fortnightly then they can be measured on a fortnightly basis, pay monthly and the measure will be over a maximum of a fortnightly period.
- Those paid weekly and on an 11:3 or 12:2 roster will then be more likely to breach minimum wage in those weeks where they have no rostered days off.
- For staff who fall below minimum wage the "top up" must be paid in the pay period for which the breach occurred.
- The minimum wage increased to \$16.50/ hour on 1 April 2018.

Leave entitlements

It is important to keep an accurate record of the various leave entitlements:

Annual Leave

The number of Annual Leave days an employee is entitled to will vary according to the Roster written in the Employment contract. An example of this is a 5:2 Roster entitles a full time employee to 20 days of Annual Leave whereas a 12:2 entitles an employee to 24 days of Annual Leave. Of course, there are numerous rosters out there with the leave entitlements varying for each roster scenario.

Sick Leave

This is measured to a maximum of 20 Days with 5 days accruing from 6 months into employment and another 5 days every 12 months thereafter.

Alternate Days

When someone works a statutory holiday they are entitled to an alternate day of leave at a date agreed on **AND** time and a half for the hours worked on the stat day under most circumstances.

Rostered Days Off

As per the employment contract, each salaried employee is entitled to the total number of Rostered days off agreed to. These RDO's may not fall on the exact dates as those outlined in the Employment contract due to the nature of the farm requirements but they are an entitlement none the less so keeping track of these RDO's is important as well.

Employment Relations Amendment Bill (Pending)

As announced by the Government, trial periods will be affected by the changes, 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.

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.

MPI AFFORESTATION GRANT SCHEME

Applications for the 2018 funding round for 2019 winter planting close on the 14th May 2018. The Afforestation Grant Scheme was designed to increase new forest land by 15,000 Ha over 5 years by encouraging and supporting small to medium sized forests (5 – 300 Ha). The grants are for \$1,300 per Ha and successful applicants must enter into a 10 year Grant Agreement, which has obligations to maintain the forest to certain standards, whereby the Government retains the carbon credits over the 10 year period. The forest cannot be entered into the Emissions Trading Scheme or Permanent Forest Sink Initiative until the 11th year whereby applicants will be able to register into these schemes and earn the carbon credits for the incremental growth. To be eligible for the Grant the land must be new forest land and the planting can be for commercial or environmental purposes but in the event of over application priority will be given to plantings which is most beneficial in reducing erosion. If you are thinking of, or planning on planting some marginal land in trees, click [here](#) to have a look at the MPI website to see if this would suit you.