

Beyond the Farm Gate – Farm Newsletter



BROWN GLASSFORD AND CO LTD

Your Focus : Your Business...

Our Focus : Your Business...

AUTUMN 2020

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www.brownglass.co.nz

PETER GLASSFORD

Peter has, with the support of the directors, decided to retain his consultant position with Brown Glassford and Co for another year. As a result, he will still be available to clients on an as is needed basis and clients wishing to see Peter can make an appointment with our office. Peter's main role will be working on special projects for clients as well as debt & general mediation. All accounting work has been for some time managed by Cameron Rolls.

IRD & ACC – NO CHEQUES

Just a reminder Inland Revenue and ACC are no longer accepting or posting cheques. If you need to make any payments to Inland Revenue or ACC, these can be made either online or going to a Westpac Bank with an IRD generated barcode.

When making payments to Inland Revenue, please ensure you are paying to the correct year and the correct tax code, i.e. 2019 Terminal Tax is paid to the current year – 2019. Provisional Tax payments are made to the following year – 2020.

As we move through our new financial year – 2020 Terminal Tax will be paid to 2020 year and Provisional Tax payments will be made to the 2021 year. Details regarding payment are included on our tax letter notifications sent out prior to any tax being due, but if unsure, please don't hesitate to give us a call so we can point you in the right direction.

STUDENT LOAN & WORKING FOR FAMILIES

Inland Revenue closed for a week (9th April to 16th April) to update their online MyIR to include the ability to now view Student loan and Working For Families information. This now provides all relevant information for these accounts which in turn will allow us to correctly check obligations on clients' behalves.

PLEASE BE AWARE OF ANY SCAM EMAILS FROM INLAND REVENUE PARTICULARLY AROUND THIS TIME OF YEAR WHEN WE HAVE NOTICED AN INCREASE. IF YOU DO RECEIVE AN EMAIL FROM INLAND REVENUE ASKING YOU TO PAY TAX AND ARE UNSURE, PLEASE CONTACT US AND WE CAN CHECK THE LEGITIMACY OF THIS FOR YOU. THERE IS OFTEN AN UNUSUAL SEQUENCE OF LETTERS OR NUMBERS IN THE EMAIL ADDRESS.

STAFF NEWS

ARRIVALS

Hannah Jozko

We welcome Hannah back from maternity leave. She is in the office Monday, Wednesday, and Friday from 8:30am – 4:30pm. It's great to have her back on board.

Kayla McPherson

Kayla had various administration roles in Foodstuffs before joining Brown Glassford & Co Ltd in March 2020 as Receptionist and Personal Assistant to cover Kate while she is on Maternity leave.

Chelsea Lucking

Chelsea has recently relocated back to Christchurch after 9 years on the Gold Coast. She has predominately worked in law firm administration with her previous role at Ramsden Lawyers running their Trust Account. Chelsea is looking forward to learning more about accounting & Agribusiness.

DEPARTURES

Kate Ward-Smith

We congratulate Kate Ward-Smith and her partner Rick on the birth of their second daughter Kaua, who arrived a week earlier than expected on the 9th March 2020. Mum and baby are now all settled in at home and doing well.

Shantilli Grant

Shantilli recently said farewell to Brown Glassford. We would like to thank her for her contribution to Brown Glassford in the short time she was with us and wish her well in her new endeavours.

Jess Chalmers

Congratulations to Jess who is due to have her first baby in early May. Jess is still working and intends to continue right up to her due date given she is working remotely at home. We will let keep you updated once Jess has left and who will be replacing Jess while she is maternity leave.



CONTACT NUMBERS OVER COVID 19 LOCKDOWN

The team at Brown Glassford are all currently working from home during the Government enforced lockdown. We want to continue to support all our clients in any way we can and all staff can be contacted either by email or calling them on their direct dial numbers as per the attached phone list: [click here](#).

Directors & Consultants can also be contacted on their cellphones - Paul 021 263 6669, David 021 222 0198, Cameron 027 346 8594, Graham 027 437 3199 and Peter 027 439 3246.

We will continue in lockdown until the Government have moved to a minimum of Alert Level 2. We will advise all clients by email when we plan to return to our office. We appreciate your understanding during this difficult time and would suggest if you are unable to send in your annual information electronically, you could courier to a director or staff member directly – just email them and ask for their address.

MEDIATION

As noted above, Peter will continue to complete mediation including Farm Debt Mediation. Legislation for the Farm Debt Mediation scheme was passed on Dec 13th, 2019 and it is to become effective on July 1st, 2020.

The Farm Debt Mediation Scheme is designed to address any power imbalance between stressed farm business and their creditors. The Act makes it compulsory for secured creditors to offer mediation to eligible farmers when they default on payments, before taking any enforcement action. Farmers can also request mediation at any time. See the [attached article](#) below regarding this.



ANNUAL QUESTIONNAIRES REMINDER TO GET WORK IN EARLY – MARCH BALANCE DATES POSTED AT BEGINNING OF MARCH

31st March 2020 has now passed and the new “2021 tax year” is underway. Those **clients with MARCH BALANCE DATES** should now have received their annual questionnaire(s). We would ask that you try and complete these and return them to us as soon as possible to ensure we can get your Accounts and Tax Returns completed in a timely cost-effective manner.

These can be returned by post or email. If you have not received a questionnaire yet and are a March balance date, please contact our office or alternatively you can download a copy of the questionnaire from our website, [click here](#).

These questionnaires are an important part of the accounting process and we appreciate your assistance in providing the necessary information required.

TAX LETTERS

We have noticed that a few of our clients have missed our tax payment letters which are now predominantly emailed to the email addresses we have on our database. We have found in some cases the letters are going to your JUNK MAIL folder and would ask you to check this for any mail coming from us. This is a result of us recently migrating to Office 365 and is a known common error.

This is especially important with regard to paying tax on time as any late payments can attract late payment penalties, Use of Money Interest and in some cases, taxpayers can fall out of safe harbour rules for the rest of the year, even if provisional tax is paid one day late.

MINIMUM WAGE INCREASE

From 1 April 2020, the minimum wage increased to \$18.90/hour, an increase of \$1.20/hr. Please ensure you review the working hours and pay of any salaried staff to ensure they are now receiving this new minimum wage rate. [click here](#).

FARM SOURCE DAIRY STATEMENTS

Given the current climate in which we are presently operating having access to online records can help speed up the gathering of relevant information for annual account processing. One of these is access to your monthly dairy statements so that we can analyse these for quantities and bringing in of receivables. Fonterra suppliers can provide Brown Glassford with access to their farm source accounts. This will allow us access to your monthly supplier statements, and measurement statements confirming your shareholdings at year-end, which we request from you so providing us with access to these will cut down on admin time for you also.

In your farm source dashboard, you go to My Farm, Farm Details and click on Staff & 3rd Party Access.

In the ‘Who’ tab enter our username “admin@brownglass.co.nz” and select role as Accountant.

In the “Which” tab you will then be prompted to select which farms we can have access to, it is important to select all farms if you have more than 1 supply number.

In the “What” tab select the “Production & Quality” and “Finance” tick boxes for all farms, this is all the access we will require.

In the “When” tab please select “Indefinitely”
The go to the “Confirm” tab to review and complete, this will save us all some time at year end.

STATEMENTS

We have made the decision to return to sending out statements at the start of each month as the current way was causing too much confusion. This way, if you have paid your invoice, you will not receive a statement. If you have overpaid us and there is a bill due that month, we will offset the credit to the invoice we are sending. If we’re not billing you anything, we will send you a statement advising you are in credit, and unless we hear from you, we will refund the credit by month end.



FUEL EXCISE REFUNDS

All petrol sold in New Zealand has an excise duty tax applied to it. This tax is for the creation and maintenance of the country's roading infrastructure. If a business operates petrol powered vehicles or machinery off-road, then they are eligible to have the excise duty refunded.

Excise duty, as at January 2020, is \$0.83 per litre including GST (\$0.73 per litre GST exclusive) and the excise duty also applies to off-road use of LPG and CNG. Excise duty does not apply to diesel which is instead subject to road user charges based on mileage.

Road user charges can also be refunded when vehicles are used off-road (see www.nzta.govt.nz for details), but there is additional compliance required to calculate the on-road versus off-road use.

Farmers are entitled to claim a rebate on petrol used in the following types of vehicles or machinery:

- Farm bikes, quads and side by sides
- Petrol tractors
- Chainsaws
- Brush cutters
- Stationary motors and generators
- Specially licensed vehicles or utes used on farm, but sometimes used for short distance travelling between farms

The key point is that the eligibility to claim excise duty refunds is that it is an on-road versus off-road test. It is not the business use versus private use test that we use for income tax or GST.

At \$0.83 a litre (GST inclusive) the petrol rebate is worth claiming. Based on a \$2.15/litre for 91 octane petrol, the refund equates to 39% of the fuel price.

Farm bikes, particularly quads and side by sides, use a lot of petrol. The latest Honda side by sides have 30 litre petrol tanks, while Can-Am models have 40 litre tanks. This equates to a fuel excise claim (GST inclusive) of \$24.90 for the Honda and \$33.20 for the Can-Am every time they are filled up.

Many farmers easily use several thousand litres a year, and this increases with more staff using bigger farm bikes or side by sides.

A \$0.83 per litre rebate over 2,000 litres generates a \$1,660 rebate – this is not a bad reward for minimal paperwork and quarterly claims.

JUST A REMINDER OUR HOME OFFICES WILL BE CLOSED ON MONDAY 27TH APRIL IN LIEU OF ANZAC DAY BEING MONDAYNISED BUT SHOULD YOU NEED TO CONTACT US URGENTLY DURING THIS TIME PLEASE CONTACT DIRECTORS ON THEIR CELLPHONES (AS LISTED AT THE TOP OF PAGE 2).

FARM DEBT MEDIATION ACT 2019

The legislation for this scheme was passed on Dec 13th, 2019 and it is to become effective on July 1st, 2020.

The Farm Debt Mediation Scheme is designed to address any power imbalance between stressed farm business and their creditors. The Act makes it compulsory for secured creditors to offer mediation to eligible farmers when they default on payments, before taking any enforcement action. Farmers can also request mediation at any time.

How would The Scheme work:

Creditors with security interests in farm property will not be able to take enforcement action in relation to farm debt without first offering mediation to farmers. The Act also allows farmers to initiate statutory mediation with a secured creditor – the creditor may only decline if they have good reason to do so.

Farmers and creditors will have up to 60 working days to complete the mediation process unless both agree to extend this.

Under the proposed legislation, the farmer nominates a panel of three accredited mediators and the creditor must accept one of the three mediators proposed. The Bill proposes that a farmer's contribution to the mediator's cost will be capped at \$2000.

Where possible a Mediation Agreement is produced at the end of the mediation process. This sets out the agreed actions for future management of the debt. The agreement must be agreed to by both sides and is binding. It is important all parties in mediation take party in good faith. If the parties don't agree on a Mediation Agreement, the parties can apply to make a determination on whether enforcement action can proceed or not.

If creditors don't want to take part in mediation, a farmer can apply for a Prohibition Certificate. This means the creditor can't take enforcement action on the debt for 6 months. After the 6-month period, the creditor will have to offer mediation before undertaking any enforcement action.

If a farmer declines to take part in mediation, creditors may apply for an Enforcement Certificate, which will allow the creditor to proceed with enforcement action in line with the terms and conditions of the loan agreement. The certificate has a duration of 3 years from the date of mediation concluding. The farmer will not be able to initiate further mediation processes in relation to that debt during this period.

Who's Eligible:

The scheme will be open to those involved in primary production, including loans secured against farmland, farm machinery and livestock, and harvested crops and wool.

Peter Glassford is a registered member of the Arbitrators' and Mediators' Institute of NZ (AMINZ) which is one of two organisations approved to act as mediators under the Farm Debt Mediation Act. In the event that you are considering entering into mediation with you bank we encourage you to speak to Peter in the first instance.