

Beyond the Farm Gate – Rural Newsletter



BROWN GLASSFORD AND CO LTD

Your Focus : Your Business...

Our Focus : Your Business...

December 2016

P 03 365 0881



F 03 377 2991



admin@brownglass.co.nz



www.brownglass.co.nz

Key Tax Dates Coming Up

15 January 2017

- 2nd Instalment of 2017 provisional tax due for March balance date tax payers (use tax code INC and year 31/03/2017)
- GST due for the period ended 30 November 2016

Note: If Brown Glassford & Co Limited prepare your GST returns for you, please have your source data to us before the 23rd of December, so that we have sufficient time in which to prepare your returns.

CHRISTMAS HOURS

Please note that our office will close at 1.00pm on Friday 23rd December 2016 and reopen on Wednesday 11th January 2017 at 8.30am.

Should you need to contact us urgently during this time, you can contact Peter, David, Paul 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

Employing Casual Staff over the Holiday Period

Like any new person working for you, students need to complete a [Tax Code Declaration](#) (IR 330) that includes their IRD number and tax code.

If you employ full time students in your business and they think they will earn under the annual repayment threshold (\$19,084 for the 2017 year) they may be able to get an exemption from making student loan repayments, on salary or wages you pay them.

You do not have to enrol temporary employees for Kiwisaver. Temporary employees are employed for 28 days or less, or employed to work "as and when" required without a specific end date, for 28 days or less. However, if an employee is already a member and gives you a KS2 (Kiwisaver Deduction Form) you must deduct Kiwisaver and pay employer contributions.

Staff News

ARRIVALS

Nicola Ramage

Nicola recently joined Brown Glassford as Personal Assistant to David Seath & Graham Brown and also as our Office Administrator. She was born and bred in Christchurch and has been living in the UK for the last 4 years, working in various administration roles. We welcome Nicola to our team.

DEPARTURES

Elaine Gray

We have recently said farewell to Elaine from our office as she moves to Whangarei to be closer to family. We thank her for her contribution to Brown Glassford and wish her all the best for the future.

Holiday Wages Reminder

If an employee normally works on the day of the week that a public holiday falls, the following applies: if they take the day off on the public holiday then the employee gets paid their relevant daily pay, however, if the employee works the public holiday, they then get paid time and a half for the day worked plus an alternative day off at the relevant daily rate.

Employers make a number of deductions from employee's salary and wages including PAYE, Student Loans, Kiwisaver Deductions as well as Child Support deductions and Court Fines. These deductions are still required to be taken from holiday pay paid out during the year.

If you pay a lump sum Christmas Bonus, there are particular rules around calculating PAYE on these at a flat rate depending on the employee's annual income. Other deductions such as Student Loan, Child Support and Kiwisaver are also deducted from these payments.

Workflow

If you have not brought in your 2016 end of year information can you please arrange for this to be done before the 23rd December, so that we can make a start on these in the New Year.

To all our clients, business associates and supporters, the Brown Glassford Team wish you and your families a wonderful festive season and an exciting and successful 2017 year.

~ Peter, Paul, David, Graham, Allison, Avis, Cameron, Diane, Emily, Erin, Hannah, Jamie, Jess, Jill, Jing Yi, Laura, Megan, Nancy, Nicola, Nicole, Rachel F, Rachel M, Ravi, Terri ~



Provisional Tax Planning

Following the announcement of increased dairy payouts for 2016/17, the calculation of your 2017 provisional tax may now be insufficient to cover your 2017 tax liability. This will be complicated in many cases by losses being carried into the 2017 year. If you would like to review the amount of provisional tax currently calculated, please contact us.

Recent Earthquakes

ParryField Lawyers have written a useful article on dealing with insurance companies after the recent earthquakes which can be found here: <http://www.parryfield.com/lessons-learned-christchurch-earthquake-insurance-egc-claims/>

Earthquake Relief Fund

Primary Industries Minister Nathan Guy announced that applications for funding from the Primary Industries Earthquake Relief Fund are now open.

“Recently we announced a \$4 million fund for uninsurable on-farm infrastructure repairs in the Hurunui, Kaikoura and Marlborough districts. Applications are now open and will close at the end of February, and I’m hopeful the panel will make an initial assessment of some applications before Christmas,” says Mr Guy.

“Criteria for applications has been released which includes re-establishment of uninsurable assets like water infrastructure and opening up tracks, culverts and farm bridges. There will be one Assessment Panel across the three districts, including the Mayor of each region and representatives from Federated Farmers, Rural Support Trusts, the Ministry for Primary Industries, and independent farm consultants”.

“Any grants will be a contribution towards repairs, covering a maximum of 50% of costs. There will be an excess of \$5,000 and capped at \$50,000 per applicant. Applicants need to provide information including evidence of impacts and assessments of costs, ideally with photographs. Those who have already paid for work should keep a full record of your receipts and invoices”.

Application forms, criteria and full membership of the Assessment Panel can be found on the [Marlborough](#) or [Hurunui](#) district Council website.

Entertainment Costs

When you are entertaining colleagues or employees, some entertainment expenses are tax deductible while others are not. The basic idea is that an expense is business related if you spend the money to help your business earn income. It becomes a little trickier when there’s an element of private enjoyment i.e. Christmas parties, however Inland Revenue have written a guide which can be found here (<http://www.ird.govt.nz/forms-guides/number/forms-200-299/ir268-guide-entertainment-expenses.html>).

Income Equalisation Deposits

Inland Revenue have relaxed the rules around Income Equalisation. For farmers whose current or future income will be significantly affected by the earthquakes, the Commissioner will allow late deposits for the 2016 income tax year up to 30 April 2017. This is regardless of whether the 2016 return is filed or not. Farmers will also be able to make early withdrawals in this scheme. If you think that your net income has been, or will be, significantly decreased as a result of the earthquakes please let us know.

Interest Rate Risk Management

There has been quite a bit of activity in capital and interest rate markets over the past couple of months. Expectations of interest rate increases in the United States have firmed after the election of Donald Trump as President, essentially on the basis that the markets see his policies as putting upward pressure on inflation. This has translated to an increase in the longer term fixed rates offered by NZ banks, and at the 3 – 5 year end of the interest rate curve these rates have lifted approximately 50bps or 0.5%. Locally the Reserve Bank of NZ cut the Official Cash Rate (OCR) on November 10th to a record low 1.75%. Unlike in the past, the banks have not generally passed on this decrease via their floating rate loans. The main reason the banks give for this is that their own short term funding costs have been increasing, partly because they are having to pay more for deposit funds and partly because banking regulators (mainly in Australia) are requiring them to hold more capital in reserve as a buffer against expected increases in bad debts. In fact, we are seeing all the banks increasing client lending margins by 10 – 20bps as a result of this.

It may be that we have gone past the low point for longer term fixed rates but nobody really knows that for sure. We recommend borrowers develop an interest rate risk management policy that suits their own business and their own tolerance for interest rate volatility. Despite longer term interest rates lifting recently, they are still at historic lows and there is some merit in considering locking in some debt at fixed rates, and also considering what loans are coming off fixed rates in the next 12 months or so and considering forward booking rates for those loans. If you would like to discuss those options, then please contact us.

FBT

If you are providing benefits to any employees that are a non-cash part of their remuneration they may be subject to Fringe Benefit Tax (FBT). The most common benefits include power, internet and electricity. There is a \$300 exemption from paying FBT per employee, per quarter, so if the value of this is less than \$300 you may be exempt. However, if the value of total benefits for an employee goes over \$300 for the quarter year (and provided the total value of all benefits doesn’t exceed \$22,500 for the year), the full value of the benefits is subject to FBT.