

Beyond the Farm Gate – Rural Newsletter



BROWN GLASSFORD AND CO LTD

Your Focus : Your Business...

Our Focus : Your Business...

July 2014

P 03 365 0881



F 03 377 2991



admin@brownglass.co.nz



www.brownglass.co.nz

KEY TAX DATES COMING UP

28 July 2014

3rd instalment 2014 provisional tax due for June balance date taxpayers (**use tax code INC and year 31/3/2014 if making payment online**)

28 August 2014

1st instalment 2015 provisional tax due for March balance date taxpayers (**use tax code INC and year 31/3/2015 if making payment online**)

We remind clients that where they think their taxable income for the current income year may be **significantly lower or higher than the prior income year**, they may want to consider reviewing the amount of provisional tax they have or are going to pay. Please contact us if you would like to do that.

IRD AUDIT ACTIVITY

From time to time we are contacted by IRD to discuss or provide information in relation to clients tax affairs. These requests can range from a telephone call to a full IRD audit, and when we are required to spend significant additional time addressing these matters we will normally pass on some or all of that cost to our clients.

We have been approached by an insurer called Audit Shield who will cover this risk ie: charge a premium that covers a client for professional fees incurred in dealing with these IRD requests. We think this is a service that some of our clients may be interested in and will soon be in contact with all our clients to explain it to them – client participation in the service is optional.

2014 ANNUAL ACCOUNTS AND TAX RETURNS

We have now made contact with all clients regarding collection of records and completion of the annual questionnaire. If for some reason you have not heard from us please get in touch. You can also get a copy of the questionnaire from [our website](#).

Staff News

Arrivals

Terri Hurring

We welcome Terri who has been appointed to a newly created role – Accounting Services Administrator. Terri will be providing administrative support to our accounting team. She has a background in accounting and taxation administration and our team are looking forward to having her help with the day to day delivery of our accounting and taxation services.

Departures

Alan Cuthbertson and Sarah Welsh

We have recently said farewell to Alan and Sarah from our firm. Alan spent three years with us and has joined an accounting firm closer to his Rangiora home. Sarah had been with us for four years and has taken up an accounting team leader role with another Christchurch based firm. We thank them both for their contributions to Brown Glassford and wish them well for the future.

ACC SERVICE

We are now offering an ACC Administration service to our clients. Currently ACC send their levy invoices to you directly, but unfortunately they are not always correct.

The types of errors we find include:

- Incorrect industry classification descriptions
- Incorrect liable earnings calculations
- Incorrect levies where changes have been made to the business structure
- No splitting of income to allow for different types of work carried out

Our ACC Administration service will involve the following:

- We become your ACC agent and receive the ACC invoices
- We will review the invoices to check they are correct
- We will advise you immediately of payments due
- We will keep you up to date with any changes in ACC legislation that may affect you

Please contact us if you would like to know more about this service, including what it will cost and how to get it started.

BROWN GLASSFORD GRANTS

Applications for our annual grants and sponsorships closed on 30 April 2014 and we are delighted to have been able to give some financial assistance to the following organisations - Cholmondeley Children's Charity, Westpac Rescue Helicopter, Hawarden A & P Association, Banks Peninsula A & P Association, Northern A & P Association, and Irrigation New Zealand.

LINCOLN UNIVERSITY SCHOLARSHIP

This scholarship provides financial assistance to talented students undertaking studies that will lead to a career in farm accounting. We are proud to be able to support the following students – 2nd year student Hannah Knight and 3rd year student Jess Broom. Charlotte Nelson who was also a recipient of this scholarship in recent years has now joined our accounting team.

MILK CONTAMINATION INSURANCE

We have seen a few examples recently where clients, and in particular, lower order sharemilkers have been under-insured for costs associated with milk contamination events. Often, the total liability for these events is assigned to the sharemilker as a term of the sharemilking agreement. In one instance, an inhibitory substance resulted in the contamination of a 26,000 litre tankerload of milk with a total cost of \$58,500, however, the level of insurance cover for such an event per the insurance policy was \$12,000. We recommend clients review the adequacy of insurance cover for this (and other) risks when they next review their insurances.

IRD – STUDENT LOAN – OVERSEAS BORROWERS

From 1 April 2014 IRD have introduced the following changes with respect to overseas based borrowers. First, borrowers with a loan balance of more than \$45,000 will need to pay more towards their loan each year. Second, these borrowers will now have a fixed minimum repayment obligation that will no longer decrease as their loan balance decreases.

Also, IRD may now request that a borrower be prevented from leaving New Zealand if they are not meeting their repayment obligations and have failed to, or not made a reasonable attempt to, make contact with IRD to discuss the loan arrears. For more information [see here](#).

EMPLOYMENT GUIDE

Federated Farmers and DairyNZ have recently released a "best practice employment guide for farm employers" that gives a good overview of the basics relating to employment agreements, minimum wages, and other benefits including accommodation. It is applicable to all farm types and there is also reference to MBIE's position statement on minimum wages and employment agreements in the rural sector. You can find it [at this link](#).

EXTREME WEATHER EVENTS

We seem to have had our fair share of these over the past 12 months or so! There are a number of tax relief and income assistance options that are potentially available depending on individual circumstances including;

- Income equalisation scheme
- Estimating or reviewing provisional tax payments
- Assistance with outstanding tax and late filing or payment penalties
- Zero rating of GST for donated materials and livestock
- Tax treatment of insurance payments

Please contact us if you think you might like to take advantage of any of these options.

IRD – FREE TAX INFORMATION FOR BUSINESSES

If you are looking for a "refresher" on some basic tax topics or have a family member or employee looking to get into business for themselves, we have found these online videos to be a good place to start – topics include business structures, income & provisional tax, expenses, GST, and record keeping. [See here](#).

If you have any questions about the topics covered then please contact us.

IRD PAYMENT METHOD CHANGES

IRD have recently announced the following changes which will take effect on 1 October 2014:

1. IRD will no longer accept cheque payments via Westpac Bank branches.
2. When making payments by post, IRD will now record the date of payment as the date that they receive payment, not the date that is postmarked on the envelope.

IRD are clearly encouraging taxpayers to file and pay all tax return types online. We recommend that you do this where practicable. However, if you continue to make payment by surface mail, and given the increase in delays that users of postal mail are experiencing, we recommend that you send these payments sooner than you usually would in order to avoid any IRD late payment penalties and interest.

CLIENT FOLDER AND INDEX

A reminder that we have a good supply of folders and indices which can be used to help collate your accounting information to bring in to us.

Please get in touch if you would like us to send you a folder and/or index - admin@brownglass.co.nz or 365 0881.