

Beyond the Farm Gate – Rural Newsletter



BROWN GLASSFORD AND CO LTD

Your Focus : Your Business...

Our Focus : Your Business...

July 2016

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KEY DATES

28 August 2016

1st Instalment 2017 provisional tax due for March balance date tax payers (use tax code INC and year 31/03/2017 if making payment online)

When making all income tax payments to Inland Revenue you pay to the INC code for the period ending 31/3 (even if you are a May/June balance date) and specify the year this income tax relates to. The only thing that should change is the year. If you are unsure about what year your tax payment belongs to please contact us.

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. We will usually discuss this with you when we finalise your annual accounts and tax returns, however, if you would like to do that sooner please contact us.

CHANGES TO THE ACCOUNTS

Some of you may have noticed small changes we are making to the annual accounts and the related documents that are required to be signed. In particular, we are now asking that Companies, Partnerships and Sole Traders sign and return their Balance Sheets (previously only Companies had to do this). We would also like to mention that only 2 directors of a company are required to sign the balance sheet, rather than all directors. The main reason for this change is that banks are now requesting signed annual accounts.

INLAND REVENUE RECORD KEEPING FOCUS

Inland Revenue have signalled that more of their audit activity for some businesses will focus on record keeping systems. Specifically, they are looking to see that all income is being recorded and returned for income tax and GST purposes, in particular, where income is received in cash.

Another area of interest is employers wage and PAYE records, in particular, to ensure that the correct amounts of PAYE, Student Loan, Kiwisaver and Employer Superannuation Contributions Tax (ESCT) are being calculated and returned.

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

STAFF NEWS

ARRIVALS

Cameron Rolls

Cameron joined our accounting team in April 2016. Cameron grew up in a dairy farming community in Taranaki with his family then moving to carry out a dairy conversion in Te Pirita, Canterbury. He has over nine years' experience which includes both public practice in an international accounting firm and within the corporate sector as a finance manager. We welcome Cameron to our team.

Megan Elderton

Megan joined Brown Glassford in June 2016 as part time Receptionist and Personal Assistant to David Seath and Graham Brown. Prior to Brown Glassford Megan spent the last 8 years working as an Administrator for another Accounting Firm. We welcome Megan to our team.

DEPARTURES

Claudia Visser

We have recently said farewell to Claudia from our firm as she pursues a commercial accounting role. We thank her for her contribution to Brown Glassford and wish her all the best for the future.

PAYROLL SOFTWARE

We recommend that if you are an employer you use a complete wage package that records all employee information, including sick leave, annual leave, etc. Cash Manager Rural is not a comprehensive wage package and therefore does not accurately record all the information required and can cause issues further down the track when an employee stops working for you. There are a number of comprehensive wage packages available – if you would like to discuss your options regarding payroll software with us please contact us.

2016 ANNUAL QUESTIONNAIRES

As 30 June 2016 has now passed and the new "tax" year is well underway, all of our clients should have by now received our annual questionnaire. If you haven't received this, please contact our office or alternatively you can download a copy of the questionnaire from our website, [click here](#).



EMPLOYEES VS SELF-EMPLOYED CONTRACTORS

For income tax, GST, and ACC purposes, you must determine whether the people who work for you are employees or self-employed contractors. It is important to note that a person can be self employed in one line of work and still work for someone else as an employee in another line of work. Below we have outlined the differences between the two.

Employees tend to do the work themselves rather than hiring somebody else to do it for them. They can be told at any time what to do on the job and are usually paid at a set rate (i.e. hourly, weekly, monthly or per unit of production). They can get paid overtime, work set hours, are under the terms of an employment contract, and have to follow the rules or procedures of the person they are working for. Employers are responsible for meeting their employees tax obligations.

Self employed contractors generally provide the major assets or working equipment needed for the job, provide or pay for their own training, and are responsible for getting the work done, i.e. they can get other people to work with or for them. Self-employed contractors are responsible for meeting their own tax obligations, however, if they are a sole trader you are required to deduct schedular payments unless they provide you with an exemption certificate. (Schedular payment rates are found [here](#))

RESIDENTIAL LAND WITHHOLDING TAX

From the 1st July 2016 a new withholding tax – residential land withholding tax (RLWT) may need to be deducted from a property sale/disposal where the following applies:

- property being sold is in New Zealand; and
- meets the definition of residential land; and
- the vendor acquires the property on or after the 1st October 2015, and has owned it for less than 2 years before selling or disposing of the property; and
- is an offshore RLWT person.

This affects non-residents, however an offshore RLWT person includes New Zealand resident companies who have shareholdings of 25% or greater held by foreign persons. Even if the property owner is a New Zealand company, you may still be caught by the new rules. Please contact us if you think this may affect you.

2015 FARM STATISTICAL SURVEY

Every year, in conjunction with Pita Alexander of Alexander & Associates, we prepare a Farm Statistical Survey. The 2015 Farm Survey has now been completed. The 2015 Farm Survey includes Sheep, Beef, Cropping and Dairying Groups. Please visit our [website](#) to view Farm Surveys from 2008 to 2015 or contact the office if you would like to be sent a hard copy.

HEALTH & SAFETY

As most of you will know the new Health and Safety at Work Act 2015 came into force in April 2016. It is the most significant change to NZ's health and safety legislation in 20 years and is part of a suite of law changes to address NZ's relatively high level of workplace death and injury.

Under the new law the business itself (defined as a Person Conducting a Business or Undertaking, PCBU) will have the primary duty to ensure the health and safety of workers and others affected by the work it carries out. However, the law also provides that everyone is responsible for workplace health and safety, including the business, "officers", "workers", and "other people".

Each of these roles is defined differently, however, the point is that they must all work together. Work Safe NZ is responsible for the overall administration of this new legislation and part of its regulatory role is to provide support to businesses to help them meet their health and safety obligations. We have spoken to a number of farming clients who have asked Work Safe NZ to help them to review their health and safety systems and have found them to be very good to work with.

If you haven't already got yourselves up to speed in this area then we suggest a good place to start is the Work Safe NZ website – see [here](#).

INLAND REVENUE PHISHING SCAMS

We are increasingly seeing more and more scams involving clients receiving emails and/or phone calls from individuals demanding payments of taxes claiming to be associated with Inland Revenue. These emails and/or phone calls often contain threats of penalties, including imprisonment, if the alleged tax payments are not made immediately. We recommend that if you receive a call like this you hang up, and if you have any concerns about unpaid tax that you should contact us as your agents with Inland Revenue.

CASH MANAGER RURAL ONLINE

For those of you using Cash Manager's desktop version, we suggest you consider moving to the online version. The online version is the same price (if you only have one database), it holds the data in the cloud so you do not need to do backups or upgrades and allows us, and other permitted users, easy access to your database to help with any queries you have, or to download your budget and year end data. If you would like to make the change, check out the Cash Manager website [here](#) or contact us.

ALLIANCE SHARES

Shareholders in Alliance who don't currently have the minimum shareholding requirement will have shares deducted from their livestock receipts at a rate of \$0.50c per stock unit as a simple and gradual way of attaining the correct level of shareholding. We remind clients that these deductions are not claimable for GST and the full amount of the invoice should be returned for GST purposes.