

Beyond the Farm Gate – Rural Newsletter



BROWN GLASSFORD AND CO LTD

Your Focus : Your Business...

Our Focus : Your Business...

May 2014

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KEY TAX DATES COMING UP

28 June 2014

3rd instalment of 2014 provisional tax due for May balance date taxpayers

28 July 2014

3rd instalment of 2014 provisional tax due for June balance date taxpayers

Annual RWT Reconciliations

These should have been filed by **31 May 2014**, and note that any RWT owing should have been paid by 20 April 2014.

2014 Provisional Tax

If any clients think that their 2014 year taxable income may be considerably higher than 2013, and have not already discussed that with us, we recommend you talk to us so we can consider whether or not you should pay some voluntary 2014 provisional tax so any IRD use of money interest may be minimised.

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.

2014 ANNUAL ACCOUNTS AND TAX RETURNS – CLIENT QUESTIONNAIRES

All of our clients with March balance dates should have received one of these from one of our team in the last month or so – please contact us if you have not.

Questionnaires for May and June balance dates will be coming out soon after those dates – as a reminder, could you please make a note of livestock and/or produce on hand that you own as at balance date so that this can be correctly recorded for the questionnaire when you come to complete it.

Staff News Appointment of Director

[David Seath](#)

We officially welcome David as a director of Brown Glassford and Co. He is looking forward to continuing to work with those clients he already knows and getting to know those clients he has yet to meet.

15 Years Service

[Diane Leslie](#)

We congratulate Di for recently completing 15 years service with Brown Glassford. High service standards and the success of our business are the result of having a dedicated team of farm accounting specialists and we are thankful and delighted to have Di on our team.

Arrivals

[Hayley Cooke](#)

Hayley is the Receptionist at Brown Glassford and PA to Peter Glassford and Paul McCarron. Hayley is very much a city girl, born and raised in Christchurch. She completed a Diploma in Tourism Business Management from CPIT in 2008 and has been working full time since then. She enjoys spending time with family and friends, shopping, and keeping fit.



2013 ANNUAL ACCOUNTS SURVEY

We are currently working with Pita Alexander & Associates to finalise our 2013 annual accounts survey with benchmark data for various farm types. Once finalised, we expect to mail these out in the next month or so.

LAND AND LIVESTOCK TRANSACTIONS

We tend to see a large number of land and livestock transactions that settle in the May or June months. In most cases our clients have discussed these transactions with us so that all parties have a clear understanding of the cashflow and tax (income and GST) implications, if any.

There have been some changes in livestock valuation rules, in particular when livestock are transferred between parties associated with each other. The current rules regarding the sale of land and buildings where that sale is between associated parties can also be a complex matter from an income tax point of view. If you are contemplating these types of transactions we recommend that you contact us to discuss the details, certainly before you sign any related agreement, so that we can help you consider the best way to complete these transactions.

INLAND REVENUE INFORMATION

ONLINE PAYMENTS TO IRD

We often need to follow up with clients regarding late or non payment of various taxes. Often these relate to client errors made in online payments to IRD. We have found that the two most common errors made when making online payments are:

1. Using the incorrect tax type code eg: INC for income tax, GST for goods and services tax, PAYE for tax deducted from wages. Please see [this link](#) for a guide as to which tax code to use
2. Assigning the payment to the incorrect tax period – this is especially the case for provisional and terminal tax payments since the payment date may relate an earlier or later income tax year.

E.g the tax payment dates on the previous page are after balance date but actually relate the the 2014 year and should be allocated to the tax year ended 31 March 2014 (the tax year will always have a 31 March date irrespective of your balance date)

If you are unsure when making online payments to IRD then please contact us to assist you.

DEPRECIATION RECOVERED-EARTHQUAKES

IRD has introduced some provisions to provide relief from income tax where insurance proceeds received as a result of damage to buildings results in depreciation recovered. These provisions have recently been amended to both increase the period for which relief is available, and make that relief available to other parties who invest with the asset owner to rebuild those assets. If you think this may apply to you then please discuss it with us.

INCOME EQUALISATION SCHEME AND DELAYED FERTILISER APPLICATIONS

Where, for a particular reason, a farmer has difficulty in applying fertiliser before balance date (eg: condition of land due to flood or drought, unavailability of fertiliser or spreading contractor, lack of access to airstrip) IRD will accept deposits to the scheme at balance date to be claimed as a deduction in that year, and then refund the deposit when the fertiliser has been spread and paid for.

Such deposits need to be made within 2 weeks of balance date. Given recent adverse weather events this may have some application to some clients.

Please contact us if you want to consider if this.

EMAIL AND PHONE SCAMS

We continue to see scams where clients are contacted either by phone or email and told that they have IRD refunds due that require the taxpayer to provide internet banking login details before the "refund" will be paid. Ignore them – neither we nor IRD will ever ask you for internet banking login details.

INSTALMENT PAYMENT ARRANGEMENTS

Any tax that is not paid after the legal due date is usually subject to late payment and interest charges by IRD. Whilst we don't often have clients in these circumstances, if you think you may not be able to make a payment for a particular reason then we recommend contacting IRD before the due date to see if IRD will accept an alternative payment arrangement. If accepted, these arrangements normally mean that IRD will limit any penalties and interest to an amount less than what it would be if you do not contact them.