

Beyond the Farm Gate – Rural Newsletter



BROWN GLASSFORD AND CO LTD

Your Focus : Your Business...

Our Focus : Your Business...

Summer 2018

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KEY TAX DATES COMING UP

28 February 2018

2nd instalment of provisional tax for May balance date taxpayers.

28 March 2018

2nd instalment of provisional tax for June balance date taxpayers.

31 March 2018

We need to file all income tax returns for the 2017 income year by this date.

7 April 2018

Terminal tax due for all 2017 income tax returns.

OFFICE HOURS

Our office will be closed on Monday the 5th of February 2018. 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. We will be open as normal on Tuesday 6 February 2018.

WORKFLOW

If you have not brought in your 2017 end of year information, can you please arrange for this to be done as soon as possible so that these can be completed before the 31st March 2018. We also ask that you sign and return any tax declarations back to us as soon as possible so that we can file these with Inland Revenue in a timely fashion.

CONTACT FROM INLAND REVENUE

If you receive a text or email from Inland Revenue regarding a late payment of terminal tax we urge you to contact our office in the first instance as we will be able to assist, given we have all your information to hand. Inland Revenue's systems can be delayed meaning you may receive a message even if you have paid your tax on time. Receiving this contact from Inland Revenue can be alarming, but often there is a simple explanation, so do not worry - just contact us and we will be happy to help.

STAFF NEWS

ARRIVALS

Minna Smith

Minna was born in Finland and came to New Zealand in the early 90's as a farm exchange student. For the last seven years, Minna worked for a large scale vegetable grower as an administrator and before that, with an accountancy firm in Ashburton. We welcome Minna to the team.

Kevin Cudmore

Kevin recently joined Brown Glassford as an accountant. Kevin has over 10 years of experience in farm accounting, having worked for firms on the West Coast and Christchurch. He has recently completed his Degree and is currently studying to complete his Chartered Accountancy Qualification. We welcome Kevin to the team.

ONLINE PAYMENTS TO INLAND REVENUE

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 Inland Revenue. We have found that the two most common errors made when making online payments are:

1. Using the GAP tax type when making GST and Provisional Tax payments at the same time. We are often finding that these payments are taking longer for Inland Revenue to process and that the combined payments are not being split correctly between GST and Provisional Tax. In some cases, the Provisional Tax portion has ended up going to the GST and eventually being refunded as an overpayment. This in turn causes the Provisional Tax payment to be late which incurs late payment penalties. We recommend clients pay GST separately using the GST tax type, and then pay Provisional Tax using the INC tax type.
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 to an earlier or later income tax year. E.g. any provisional tax payments should be allocated to the current tax year (i.e. 31 March 2018) while the terminal tax payments due on the 7th April 2018 should be allocated to the previous tax year (i.e. 31 March 2017).



RED MEAT PROFIT PARTNERSHIP (RMPP)

The Red Meat Profit Partnership (RMPP) is a Primary Growth Partnership funded research project set up by ANZ, Rabo, Beef & Lamb, and all of the major meat processors apart from Affco, as well as MPI. One of the work streams has looked at better ways to carry out knowledge transfer and the outcome of that work is that RMPP will this year launch Action Network.

This will provide the opportunity for red meat farmers to work in a small group of 8 to 10 farmers which will be facilitated by someone who has been specifically trained for this role and using the services of appropriate industry experts. Each participating farmer is eligible for \$4,000 funding from RMPP, pooled to pay for the facilitator and expert advice. As your trusted advisors we are able to put groups together and potentially also undertake the training to become facilitators. This opportunity will only be available for a limited time. Please contact your director at Brown Glassford if you would like to know more.

ACCOMMODATION ALLOWANCES

Generally, when an employee is provided with accommodation as part of an employment relationship, the market value of the accommodation is added to the remuneration for tax purposes, taxed at the individuals' personal tax rate and then deducted as rent.

When calculating wages for the period, full wages paid (including accommodation) are used when calculating PAYE, student loan and child support repayments. Kiwisaver is only calculated on the wages excluding accommodation, i.e. you do not calculate and pay Kiwisaver on the value of accommodation.

Please note that when calculating holiday pay for an employee the value of the accommodation benefit provided will need to be included. A recent case highlighted an employer being liable to pay a substantial amount due to accommodation not being included in their holiday pay calculation.

MINIMUM WAGE – EMPLOYMENT GUIDE

From 1 April 2018, the minimum wage will increase to \$16.50 per hour (was previously \$15.75). Federated Farmers and DairyNZ have released various documents that give 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 reference to MBIE's position statement on minimum wages and employment agreements in the rural sector. Please note that the employee must receive at least the minimum wage over a fortnightly period, these can not be based on average hours on an annual basis. For an employee working a 45 hour week this will equate to a salary of \$38,610 per year which has increased from the previous minimum salary of \$36,855.

ACCOUNTING INCOME METHOD (AIM)

As discussed in our previous newsletter, there is now no use of money interest on provisional tax at the 1st and 2nd instalments, provided the tax is paid on the uplift basis. However, we recommend clients revisit their tax liability before the 3rd provisional instalment or risk Use of Money Interest if their tax is over \$60,000. This can be unpractical and the future solution may be to use the AIM method. From April 2018 AIM will be available. Those who pay their tax using AIM will not be subject to use of money interest, because they will be outside the provisional tax regime. Details of the way AIM will work are expected to be available in the coming weeks. Profit, and hence income tax, will be calculated by approved software and the tax payments will be made on a two monthly basis. If there is a loss for a two-month period, there will be an automatic tax refund. At the end of the year, there will be a terminal tax figure to pay. At this stage the AIM method can not be used for Partnerships and Trusts.

Inland Revenue have been contacting clients to discuss this and promote the online filing of GST and PAYE rather than manually sending these returns in. We have noted that at the moment, if you are still sending in manual returns, Inland Revenue are taking a longer time to process these.

BROWN GLASSFORD STUDY SCHOLARSHIP

Many of you know that we offer one annual scholarship to students entering their second year of a Bachelor of Commerce and Management at Lincoln University. The scholarship was established to provide financial assistance to talented students studying towards a career in farm accounting. The closing date for applications is 15 March every year. See our website for more information about the scholarship: www.brownglass.co.nz

DAIRY NZ MARK & MEASURE

The Dairy NZ Mark and Measure Conference gives you the opportunity to develop the skills, confidence and language needed to best understand and communicate business and financial decisions. It is relevant for any stage of the business journey making it suitable for sharemilkers, contract milkers and farm owners. You can attend as an individual, couple or partnership. If you would like to know more please visit here for more information.

DAIRY BUSINESS OF THE YEAR 2018

DBOY provides a unique opportunity to take an in-depth look at your farm business by providing you a comprehensive, yet easy to understand farm analysis report highlighting outputs across Key Performance Indicators (KPIs) that drive business performance, sustainability and resilience. These KPIs are also benchmarked against other farmers in your region, enabling you to identify areas within your business that may be underperforming.

If you, or anyone you know, would be interested in entering this extremely valuable event, and/or obtaining your copy of DBOY's comprehensive report, then please click here to obtain an entry form.