

Newsletter

Summer 2016



Tribute to Richard - It was with great sadness that we farewelled our founder Richard Coates after his sudden passing on the 24th of November 2016. Richard retired at the end of March this year however he was still very much part of our Whanau.

Richard was many things to the Team during his time at the helm; leader, mentor, colleague and above all our friend. As an employer he was incredibly generous, supportive and always keen to see new initiatives introduced into the office to make sure we kept up with technology and changing legislation.

Richard was also incredibly generous with his time in the community. In recent years he was involved in the development of the Motu Trails Track, an avid campaigner for the Wainui-Gisborne Cycle-Walkway and the restoration of the Toko Toru Tapu Anglican Church at Manutuke. We are still coming to terms with our loss but the messages of condolence and support from our clients have been very comforting, thank you.

Provide GST registration details to remote vendors

From 1 October 2016 non-resident businesses must charge and return GST where they meet the criteria to register for GST and they supply remote services (including online services) to New Zealand residents. As a New Zealand resident business, you won't be charged GST on these supplies, if:

- you are GST-registered
- the supplies are part of your taxable activity, and
- you let the non-resident supplier know you're GST registered and provide your New Zealand GST registration number or business number

Non-resident suppliers don't have to give you a tax invoice and you can't claim back any incorrectly charged GST in your GST return, except where the supplier treats your business as an individual customer and charges you GST by mistake. If that happens, you contact the supplier who either refunds the amount to you or issues a tax invoice for you to claim the refund on your GST return. You can only obtain a tax invoice

Vulnerable employees

The Labour Inspectorate is upfront about targeting employers who exploit vulnerable employees — for instance, those new to New Zealand, without long term visas or people to advise them.

In August, the Employment Relations Authority (ERA) ordered a Wellington grocery store to pay \$53,000 in penalties and arrears for employment law breaches. The employer had failed to pay the employee minimum wage, holiday pay or additional pay for working on public holidays; had not paid the employee for all hours worked, and had charged the employee more than \$10,000 in premiums by way of a payment of \$5,000 upfront, \$3,240 in regular small cash payments, and \$2,167 funding company expenses on the employee's personal credit card.

The penalty for breaches of the legislation was \$25,000, in addition to \$28,781.23 to be paid to the employee for minimum wage arrears, reimbursement of premiums and holiday pay arrears. 'This ruling sends a clear message to employers that failure to comply with minimum employment labour standards will not be tolerated,' said Loua Ward, Labour Inspectorate Regional Manager.



when the supply is less than \$1,000. So it's just easier to let the supplier know upfront.

You might like to advise your regular suppliers ahead of time and word up your purchasing team to highlight it in their calendars to start reminding suppliers at time of purchase.



Christmas Closing Period

Our office will close from **3pm Thursday 22nd December**, reopening **8am Monday 16th January 2017**.

To all our wonderful clients, business associates and supporters, we wish you a great Christmas and a successful 2017

Do you pay yourself from your business?

Do you take regular cash drawings from your business profits to meet personal living costs? You need to be aware of how your personal drawings sit with your tax position.

Companies

If your business entity is a company, you have more options. Shareholder-employees can:

- draw money from the company periodically throughout the year. These drawings are recorded in the shareholder current account as a loan. At the end of the tax year, the company calculates a salary amount from the company profits and credits the current account with this amount. Shareholders must pay income tax on this salary amount and it is declared on your IR3 Individual income tax return. The salary is a deductible expense for the company, while drawings are not a deductible expense for the company
- be paid a regular salary, whether monthly, fortnightly or weekly. PAYE is deducted as for a regular employee provided you have an individual employment contract with the company. The company can claim this salary as a deductible expense in its end-of-year return
- receive dividends from the company profits, after the tax on those profits has been paid

The company can pay directors and management fees from its profits. These may be included as deductible expenses in the company's end-of-year tax return.

Whatever the business entity, as with other business records, you must keep records of all drawings, salary or wages for at least seven years.

Sole traders

Sole traders complete an IR3 tax return at the end of the year. Include all business income and expenses in your tax return. This does not include drawings. They are not a deductible business expense. It's much easier to track if the cash drawings are taken like a regular salary or wage: weekly, fortnightly or monthly.

Record your drawings for personal use in a cash book or with accounting software. Make sure you do your forward planning so there is enough money in the business to cover the bills after you take your drawings.

Partnerships

Partnerships are largely in the same position as sole traders: you can take regular drawings from the business profits. These are not deductible so don't include them as a deductible expense in the end-of-year partnership return. The split of profits to the partners at the end of the year does not take into account any drawings taken from the profits.

There is the option for a partner to be paid a salary or wage if there is a written contract of service and this might suit you and the business better. PAYE would be deducted from your salary or wage like a regular employee. You could then claim this salary or wage as a deductible expense in the partnership's end-of-year return.



It's a romantic full moon, when Pedro said, "Hey, mamacita, let's do Weeweechu."

Oh no, not now, let's look at the moon!" said Rosita.

Oh, c'mon baby, let's you and I do Weeweechu. I love you and it's the perfect time," Pedro begged.

"But I wanna just hold your hand and watch the moon." replied Rosita.

Please, corazoncito, just once, do Weeweechu with me."

Rosita looked at Pedro and said, "OK, one time, we'll do Weeweechu."

Pedro grabbed his guitar and they both sang.....

"Weeweechu a Merry Christmas, Weeweechu a Merry Christmas, Weeweechu a Merry Christmas, and a Happy New Year.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.

