



December • 2017 | Issue • 007 | **SEASONS GREETINGS!**

It's hard to believe another year has almost passed us by. Our team have had a very busy year and are looking forward to our summer closedown period. The office will close on Friday 22nd of December at 2pm and reopen in the New Year on Monday the 15th of January 2018. We remind you that there is GST payable on the 15th of January for returns to the 30th of November. If you are taking an extended summer break please don't forget to pay your GST on time.

This year we celebrated two big achievements in the office. Pip McCulloch was awarded her Chartered Accountant's designation at this year's presidential dinner. Pip and I began studying together extramurally way back in 1990-something. We were both single parents, working full-time and equally determined to achieve our goals. The road to CA designation is long but well worth the journey.

Also at this year's presidential dinner, our rising star Isaac Hughes was awarded the inaugural Craig Norgate Memorial Scholarship. Craig Norgate led the NZ Chartered Accountants' organisation during its amalgamation with Australia. He unfortunately passed away suddenly at the age of 50 and Chartered Accountants Australia New Zealand honoured his memory with this scholarship to support young kiwis setting out on their careers as Chartered Accountants. We are very proud of Isaac and Pip for their achievements.

In October this year we welcomed Clare Brooks back to our team. Clare returns to us as a fully qualified Chartered Accountant bringing the number of CA's in the office to four, the highest number of CA's Coates has ever fielded! Clare has extensive Xero knowledge which has been a big help with the growing number of clients choosing to use Xero for their accounting needs.

Friday the 24th of November marked the one year anniversary of Richard Coates passing which we commemorated with a morning tea with Prue and Georgina. Again it is hard to believe how quickly a year goes by.

On behalf of Mitchell and I, we thank you for continuing to support our firm and wish you all a safe and happy Christmas and a prosperous new year! Kirihimete koa me te Tau Hou hari!

Robyn

P.S In case you are worried that you've missed our client Xmas function we have decided to defer this until February or March 2018 as there are so many social occasions at this time of year.

GET TAX SORTED BEFORE CHRISTMAS

Provisional tax and GST are due on 15 January.







The timing of these payments isn't ideal as many of you will be indulging in the delights a summer break offers.

But it's important that you don't neglect your tax obligations – especially as Inland Revenue will charge 8.22 percent interest and late payment penalties if you don't pay the tax you are required to pay on time.

That's why we have put together a list of suggestions to help you get tax-ready before Christmas.

You're probably already doing these things, but it never hurts to be sure. We've also mentioned an option that gets around paying provisional tax when IRD tells you to.

As always, we are happy to work alongside you to come up with a strategy and talk through your options. Give us a call.

 <h3>REVIEW YOUR BOOKS</h3> <p>Make sure your records are accurate and up to date, to get an indication of your overall cashflow position.</p>	 <h3>PREPARE A QUICK BUDGET</h3> <p>Figure out what you are going to need to cover overheads while on break, especially if it's going to be several weeks before you start earning again.</p>
 <h3>COMPLETE JOBS EARLY</h3> <p>Prioritise work that can be finished quickly so you can bill clients and have money in your bank account before Christmas.</p>	 <h3>CAST YOUR EYES OVER DEBTORS LEDGER</h3> <p>See if those who owe you money can pay early (sweeten the deal by offering a slight discount). Chase outstanding invoices.</p>
 <h3>BUY TIME WITH OTHER CREDITORS</h3> <p>Explain your situation and see if you can pay suppliers later.</p>	 <h3>CONSIDER USING TAX POOLING</h3> <p>IRD-approved tax pooling intermediaries such as Tax Management NZ offer payment plans that let you choose how and when you pay provisional tax. These wipe late payment penalties, and you are charged interest which is lower than that of IRD's.</p>

PRESENTS AND PARTIES

Are you planning a Christmas event for your clients? Is gift-giving on your to-do list?

Take a minute to refresh yourself on what is deductible as a business related expense.

Presentes

Are you thinking of gifts for clients, business associates or team members?

If gifts consist of food or drink, you can only claim 50% of the expense as a tax deduction. If gift baskets or hampers contain some food or drink and some other goodies, the food or drink items are 50% deductible but the other gift items are 100% deductible.

Note that when you claim the tax deduction, you need to apportion the expense between the 100% deductible items and the 50% deductible items. Let us know the details.

Parties

The basics: an expense is business-related if you spend the money to help your business earn income. Business-related expenses are generally fully deductible. If the expense does not help your business earn gross income, it is a private expense, not claimable as a deduction. Purely promotional events put your brand out there and are a marketing expense for the business. But entertainment events such as Christmas parties inhabit a grey area sometimes.

You will need to make a GST adjustment for any entertainment expenses which are 50% deductible. This will be required when your income tax return is filed. We can help you with this.

Reindeer's Story at Christmas

According to the Alaska Department of Fish and Game, while both male and female reindeer grow antlers in the summer each year, male reindeer drop their antlers at the beginning of winter, usually late November to mid December.

Female reindeer retain their antlers till after they give birth in the spring. Therefore, according to every historical rendition depicting Santa's reindeer, EVERY single one of them, from Rudolph to Blitzen, had to be a girl.



We should have known...ONLY women would be able to drag a fat man in a red velvet suit around the world in one night and not get lost.



Are you planning a promotional event open to the general public? Sponsoring the local Santa parade?

The event will be 100% deductible as a business expense. However, if the event is not open to the public, but by invitation to customers, business associates or team members, you can only deduct 50% of the costs.

Are you planning an event for charity? A Christmas party at the local hospital? Serving Christmas dinner at the local homeless shelter?

Entertainment supplied for charity is 100% deductible.

Are you celebrating a spectacular year and taking your team to Raro for a weekend?

Entertainment enjoyed outside New Zealand is 100% deductible. However, if your team contributes to costs (for airfares or anything else), make a note to reduce your expense claim by the amount of the contribution.

KEY TAX DATES DECEMBER 2017 & JANUARY 2018

BUSINESS HEALTH CHECK

Things to do this month:

- Check your cashflow and tax position, using the tips in this newsletter.
- Get together with your team to make sure you cover everything needed if your business is closing over Christmas. Review your worksite and equipment for safety and security. Back up your client and financial data on all IT systems and run any anti-virus updates.
- Let clients and suppliers know your closedown details or limited opening hours. Consider whether your office or website needs signage giving a contact number if the office will be unattended. Keep it general as you don't want to flag too good an opportunity for thieves.

DATE	CATEGORY	DESCRIPTION
5 December	PAYE	Large employers returns and payments
20 December	PAYE	Small employers return and payment Large employers return and payment
	RWT	RWT return and payment due for November
	NRWT / Approved Issuer Levy	Payment and return for November
15 January	PAYE	Large employers returns and payments
	Provisional Tax	Instalment due
	GST	Return and payment due for November
22 January	PAYE	Small employers return and payment Large employers return and payment
	FBT	Third Quarter return and payment due
	RWT	RWT return and payment due for December
29 January	NRWT / Approved Issuer Levy	Payment and return for December
	GST	Return and payment due for December

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.