

Another financial year end rolls around again! Looking back over the financial year ending 31 March 2014, we have seen the impact of higher grape prices flow in various ways through the community. As we write this, vintage 2014 harvest is under way with reports of good fruit quality and large tonnages.

The Clifford Bay decision has provided some stability to Picton. Tourism and milk solid prices continue to support Kaikoura. There is a lot more positivity as we walk down the streets of the CBD of our towns.

These financial years seem to be getting faster and faster as do the calendar years! If you expect a change in your income earnings, increase or decrease, please let us know earlier so we may help you prepare for the change.

Finally, we have both really enjoyed meeting many of you and those we haven't met as yet; we are looking forward to meeting you this year.



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MIXED USE ASSETS (eg Bach, Aircraft, Boats)

Previously if you owned a bach, aircraft or boat which you rented out part of the year, you could claim the expenses all year apart from when you used the asset personally.

From 1 April 2013 (baches) and 1 April 2014 (aircraft and boats) the rules have changed and we can only claim business expenses based on the number of days the asset was used for business.

In order for us to calculate your allowable deductions, we need details about the following:

- No. of days asset rented out and income earned.
- No. of days asset used privately or by family and income earned.
- If repairs were carried out, were they directly related to an incident during the period the asset was rented, or general repairs.
- Advertising, insurance, rates, mortgage interest as in the past.

There are some exceptions for low value assets and minimal income (less than \$4,000). If you have claimed GST on the asset, let us know and we will assist with the GST adjustments. Losses from these types of assets may be ring-fenced and can only be used to offset this income in future.

PAYROLL

Changes at 1 April 2014:

- Adult minimum wage increases from \$13.75 to \$14.25.
- Starting-out and training wage increases to \$11.40.
- ACC rate is decreasing from \$1.70 to \$1.45.

There is a new payroll program available for small businesses and charities called 'thank you payroll'. This is a government funded program which can process pays, file monthly returns and calculate all leave entitlements. For more information visit www.thankyoupayroll.co.nz or alternatively give us a call in the office.

OVERSEAS PENSIONS

If you've ever worked in the UK or elsewhere overseas, you may have a superannuation fund.

The tax rules are changing from 1 April 2014. Withdrawals (including transfers to Australia and NZ schemes) will have tax of a percentage of the amount withdrawn depending on how long the person has been in NZ.

So if you have an overseas pension, or have made a

withdrawal or transferred your pension since 1 January 2000 please give us the details. (IRD have the details about transfers to NZ superannuation schemes since 2000 and they may check to ensure these have been disclosed. They will step up compliance after 1 April 2015).

To find out if you have money in a UK pension fund go to: www.gov.uk/find-lost-pension.

For Australia go to: www.Australia.govt.au/service/superseeker-lost-superannuation-search

TRUSTS

For our clients who have Trusts please note that rules around their governance are being (a) tightened up and (b) more thoroughly checked. So it is important if any major transactions and discussions regarding investment or distributions are made at any time, and if Peters Doig Trustee Company Limited is a Trustee, we need to be involved in the decision, and the correct procedure and minutes need to be completed. Where we are not Trustee it is still very important to keep proper records and minutes and give us copies periodically.

If in any doubt please contact one of our principals.

WHEN IS A BUSINESS NOT A BUSINESS?

In one of the recent chats we have had with the Inland Revenue Department (IRD), we have been advised that the Nelson/Marlborough branch currently have an initiative in place where they are reviewing businesses to see if they meet the criteria to in fact be a business. They are starting with some of the farming sectors.

Before we delve further into what they're focussing on let's have a quick look at how the IRD define business and taxable activity. If you are running a taxable activity, your income is taxable and your business expenses are deductible. Alternatively, if you are undertaking a hobby, you do not pay tax on your income and your expenses are not deductible.

A couple of the selection criteria IRD are using:

- Business's with medium-to-long term pattern of GST returns, where the "income half" of the return registers little or no activity and
- Continued small profits or continued losses.

If you think this may be an issue for you, please call us. If you're contacted by the IRD as part of this initiative, please call us. Alternately if you're thinking about turning your hobby into a business, we'd love to hear from you – we love a good news story and we'd love to help you grow!

DO YOU NEED ASSISTANCE?

ACC

Are you paying too much? Have you enough cover? How do you protect your income? What if you get ill?

GST

We can either prepare your GST returns for you or we can show you how to prepare these in the easiest method available to you.

Payroll

Focus your time on what you should really be doing! Our team will prepare and pay wages for your business then file the returns with IRD on your behalf. We can assist you in setting up your own systems if you wish.

Succession Planning

Working with you, your family and your solicitor, we will preserve the wealth you've created and protect the future success of your business through the many options available to us.

Strategic Planning

Working with you to create a road-map for your business by establishing priorities and allocating resources to improve business performance. Financial planning is a continuous process of directing and allocating financial resources of the business to meet your strategic goals.

Performance Management

Identifying the key initiatives that will make the competitive difference! A comprehensive review to identify the right issues, revealing opportunities for improvement as often as you need.

Financial Control / Cash Flow / Budgets

Have one of our experienced team members financial accounting, compliance reporting and budget preparation skills protect and help grow your business.

BEWARE OF PHISHING SCAM

A new scam email is circulating with links to a look-alike Inland Revenue online tax refund web page. This page says "we automatically pay refunds of \$600 or less to you 15 days after the date of your PTS" and asks you to click on a link "Refund me now". This leads to another page asking you for personal details including credit card information.

Do not follow the link or enter any personal information, instead forward the email to phishing@ird.govt.nz and then delete it.