



Payroll Services

Administering your payroll can be time-consuming and divert you from the core activities of your business. Payroll and employment legislation is growing increasingly complex.

Alison Neville is our payroll expert, many of you will already utilise her services.

Alison provides a comprehensive and confidential payroll service which includes:

- Administration of PAYE, Kiwisaver Accounts, statutory sick pay, annual leave entitlements, non-taxable allowances, bonuses and termination payments
- Processing of timesheets, customised payslips and keeping holiday records
- Filing reports with IRD each month
- Employee Cost Reports
- Employment Contract Advice

Even if you continue to complete your own payroll Alison is available for one-off queries from clients at any time so please feel free to contact her on 03 68 79222 or by email alison@hcpartners.co.nz

Summer Newsletter 2012



*HC Partners - Wages Clerk
Alison Neville*

A verbal contract is not worth the paper it's written on. **Samuel Goldwyn**

DIRECTOR DEPARTURE

You may be aware that Nigel Gormack is leaving our firm on 31 January 2012 to pursue other activities.

The vast majority of our client base will be unaffected by Nigel's withdrawal.

All the other five Directors will remain with our Firm and will continue to provide a full range of accountancy services.



ACC Levy Discounts

Who Qualifies?

ACC Workplace Safety Discounts are available to small businesses and self-employed people in seven high risk industries. These are: agriculture, construction, fishing, forestry, motor trades, road transport and waste management.

If you are a small to medium-sized business that demonstrates good health and safety management practices, you may be able to save 10% off the work-related component of your ACC levies.

ACC Workplace Safety Management Practices are aimed to reward medium and large employers who build safer workplaces. The discounts reflect your workplace safety management practices with levels of 10%, 15% and 20% discount.

If you would like further information or would be interested in attending a short seminar on this topic, please contact Sue Burgess at HC Partners on 03 687 9222.





- Empty your recycle bin!
- Check that all necessary updates have been installed
- Is it time to look at upgrading to Microsoft Office 2010 or 365...?
- Update your security passwords!
- Double check your antivirus protection is up to date and won't expire while you're on holiday

Computer systems vary. If you use an external IT provider to manage your computer requirements then liaise with them as to what they have planned and what you can carry out yourself.

And remember... your computer needs a holiday too - make sure to shut down and turn off before you leave the office!

Year end computer detox!

By December most computers are feeling the effects of over-indulging. Perhaps not on Christmas wine and chocolate but as the result of viruses, document hoarding and other accumulative hangovers. Detox your computer to get it working faster, safer and more efficiently.

- Clean it. Literally. You'll be amazed what appears when you tip that keyboard upside down (only use anti-static wipes or a soft brush. NOT water!)
- Remove clutter, delete unwanted documents off the desktop and tidy up your folder structure
- Remove any programs that are no longer required
- Make sure your firewall is active
- Perform a last minute virus scan - check out Spybot Search & Destroy
- Perform a disk cleanup and disk defragmentation (set this to run overnight as it may take several hours)
- Perform routine backups of all files and settings
- Archive files offsite

Tax Talk

Let us entertain you

Let's look at the tax treatment of saying thanks to customers and staff typically with gifts, wining and dining.

Inland Revenue's IR268 guide gives the following examples of where entertainment expenses are 50% deductible:

- Taking customers, suppliers and business associates out for dinner or putting on a function for them
- The traditional Christmas party for staff
- Shouting customers, suppliers and staff to an event, e.g. a rugby game or a show
- Taking them on a jaunt in your launch (running/hireage costs and food and alcohol)
- Giving them the use of your bach or time share apartment as a thank you gesture (the occupancy costs)

We've been asked 'why only 50% deductible?' Apparently it's because we get some personal enjoyment or benefit from quaffing a wine and tucking into a steak (too right!).

In lieu of a Christmas party you may give your employees restaurant vouchers to use at their discretion. This cost is fully deductible but is subject to fringe benefit tax (FBT), although there is an exemption of \$300 per employee per quarter (a maximum exemption can apply).

The same treatment applies to staff gifts, again fully deductible but subject to FBT under the 'other benefits' category.

As a thank you gesture many firms give their customers gifts during the festive season. The cost of the gifts is fully tax deductible as marketing and promotion expenditure.



Many firms pay their staff a Christmas cash bonus. These payments are classed as 'extra emoluments' and are fully deductible but have PAYE deducted at the employee's marginal tax rate e.g. 33% if earning over \$70,000 per annum.

If in doubt about where you stand tax deductibility-wise with your generosity to customers and staff, check with us and we'll help you get it right.

Book out your bach: avoid the tax headache

Recent years have seen a surge in popularity in the short-stay rental of holiday homes. The internet has made it easier to list, book and review baches and cribs which are available when owners aren't in residence.

Inland Revenue have recently issued a paper proposing new rules on mixed-use assets (including holiday homes) where there is a mixture of business and personal use, with revised criteria that should be adhered to when booking out the bach. But until the rules are formally changed, the current policies still apply.

Firstly, it's vital that your intentions are bona fide. You must market the holiday home in a commercial manner such as setting up and using a website for the property, registering the property with a reputable holiday home website or listing the property for short stay rental with local real estate agencies. These efforts cannot be seen to be 'token', you should be accepting offers from suitable renters.

Secondly, your own (plus family and friends') use of the property must be diarised so you can determine the days in a year that the property was available for renting out.

If the property is owned by an individual or a family trust the expenses relating to the property including the utilities (power, rates, insurance), maintenance and interest on debt will be apportioned according to the number of days in a year the house was available for rent.

There are GST issues too. Short stay accommodation is a taxable supply for GST purposes so if the annual rent you are receiving exceeds \$60,000, the owning entity (individual, partnership, company or trust) is required to register for GST and return GST on the outputs (rent) and inputs (expenses and improvements) made and received.



This threshold may seem high but some do have more than one holiday home in the same entity! This threshold includes the market value of free or cheap use of the bach by persons associated to the owner.

The value of the property becomes a taxable supply when registration occurs and when the property is sold or the entity de-registered. Both the income tax and GST issues can be quite tricky so we recommend consulting us to make sure all the tax bases are covered correctly.

Student Allowance

As from 1 April 2011 the criteria to qualify for a student allowance has been varied. The definition of parental income has been expanded to now include the following:

- **Income from Wages or Salary**
- **Business Income**
- **Other Income**
 - *Interest*
 - *Dividends*
 - *Other payments that exceed \$5,000 a year*
These are payments from any other person or entities that are used for the family's day-to-day living expenses.
 - *Tax exempt income*
 - *Pensions and Annuities*
 - *Attributable Trustee Income*
Attributable trustee income is all income for the year of a trust that hasn't been distributed as beneficiary income.
 - *Attributable fringe benefits*
The value of any attributable fringe benefits is required to be declared by all shareholder employees if they, or their associates, hold voting interest of 50% or more in a company.
 - *PIE Income*
 - *Income equalisation scheme deposits*
 - *Income held in a closely held company*

This may affect the ability of your children to receive a student allowance, please contact us if you have any queries.



Corporate Rowing

On Saturday the 26th November 2011 various Staff & Directors from HC Partners showed their talent on the water by coming 5th in the Corporate Rowing at Lake Hood. The team consisted of Ashleigh Malthus, Aleeshia Wilson, Craig Copland, Dave Boraman, Dan Kelly, Tee Karetai, Gary Burtenshaw, Paul Wolfenbuttel, Tracey Howes and Emily Burtenshaw.





A year in New Zealand business resilience

A year ago our nation was reeling following the Pike River Mine disaster and the first earthquake in Christchurch. One year on Christchurch has suffered another devastating quake with tragic loss of life and major property damage; the Hawke's Bay has been hit by a huge storm that washed out large areas of productive farm land; across NZ gold kiwifruit crops have been decimated by the Psa virus (with infection confirmed to green crops also). Most recently the Bay of Plenty's beaches were polluted by oil and debris from the Rena grounded on Astrolabe Reef.

These critical events apart, businesses have to cope with localised crises, such as losing a contract, a major bad debt or a key staff member leaving. How to cope when adversity strikes? Dr Sven Hansen of the Resilience Institute succinctly advises 'be calm, advance steadily, prevail.' We expand on this approach.

Be calm, a clear head will deliver decisive, thoughtful action. Mayor Bob Parker's calm strength in the aftermath of the Christchurch earthquakes is a classic example.

When a business crisis hits don't be afraid to communicate with your staff, customers, suppliers, advisors, and bank manager! The load gets shared and a solution may come from any quarter.

Advance Steadily, focus on the basics and mobilise the resources you need to plan your recovery. Plant and Food Research are doing just that in developing Psa resistant strains of kiwifruit and when oil spilled from the Rena, thousands of volunteers were marshalled in the clean-up.

Look for innovative bounce back solutions to stem the loss. The newly opened Cashel Street 'pop-up' Mall has bought retailing back to central Christchurch in a vibrant way.



Prevail, recovery from business crises can be slow and frustrating but a relentless approach will get you there...

Our isolation has made us a resilient nation. When the chips are down we're generous and supportive towards each other. As 2011 comes to a close, be uplifted by our amazing 2011 Rugby World Cup win (24 years in the making) - when an All Black team troubled by injury, securing scraps of possession and facing an impassioned French Les Bleus, stoically won the final. They remained calm, advanced steadily and prevailed.

'The celebration of success overshadows the challenges that were encountered along the way.' **Jeffrey Benjamin**

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.