

## Winter Wilco June 2013

Williamson & Co

**WOW!**

Chartered Accountants

09 237 0021

wow@williamsonca.co.nz



### Keeping the wolf from the door

The first few years in a new business can be the most delicate and you really don't want any unwanted surprises when your initial tax bill arrives. There have been constant murmurs recently about what to do if you're facing tax debt but what about some guidance as to how to avoid it altogether?

It's that age old solution: planning. By planning ahead and ensuring you have a surplus set aside for tax payments, you'll prevent any over the top or unexpected bills. The key is to start putting money aside from the beginning. And the trick? Once it's there, don't touch it. This is an essential point for new businesses because in the first year of operation, the IRD do not charge tax. However, these first year taxes will be lumped in with the second year tax charges and this is often where businesses get into trouble and wind up facing tax debt.

It's not just about the additional cash though. Always ensure you keep hold of your receipts and ensure your records are as accurate as possible.

- Understand your tax obligations and budget for them
- Keep money aside from a capital gain when selling an asset such as property or shares
- If you are collecting GST, always keep it in a separate account
- Update your financial records regularly (at least once a month)

We may be able to help you forecast for potential cashflow and assess what you may expect in your first few years of business. Avoiding tax debt should be on the radar for all businesses, new and established. Call us today if this is something you'd like to discuss.

### ACC Workplace Safety Discount

From the 1<sup>st</sup> of April 2013 ACC are offering four discounts to all industry types. They are:

- **No Claims Discount (NCD)**  
Aimed at smaller businesses
- **Experience Rating (ER)**  
For businesses that pay more than \$10,000 for their annual premium
- **Workplace Safety Discount (WSD)**  
Aimed at small to medium businesses with 10 or fewer employees, and with payroll less than \$537,000 per annum
- **Work Safety Management Practice (WSMP)**  
Aimed at medium to large businesses

If your business qualifies you could receive the first two discounts in your 2014 ACC invoices.

To apply for the WSD you can complete a self-assessment form and provide your Health & Safety documentation. The business may be subject to an audit which could be as informal as a phone call. If approved, you will receive a 10% discount of the work-related component of levies.

To apply for the WSMP you can register with ACC and complete a self-assessment form. The business is subject to a workplace audit. If approved, for the next 24 months you will receive one of the three discount levels available – 10%, 15% or 20%.

If you would like further help or information, please contact us.

### A bit late with your payment?

If you missed payments on end-of-year income tax, Working for Families Tax Credits or your student loan bill for the 2012 tax year and you can't make the payment in full, you may qualify to make payments by installments.

The original cutoff date was 7 February (or 7 April if you had an extension).

Be aware use of money interest will still apply for the payment duration, together with any late payment penalties already imposed.

If you want to know if you qualify for this arrangement, call us and we can request this for you.



## Limited time to get smart

The Government is cracking down on Student Loan borrowing and has announced a number of changes to the scheme in this year's budget.

If you are nearing 65 or older and were intending to study, you might want to think again. The Government has decided to remove eligibility for over 65s and if you're over 40, stricter limits will be put in force when you're applying for a student loan.

That's not the only area where the government is tightening the reins. Those with student loan debt, who are living overseas, are now in the firing line too. Overseas-based borrowers with higher loan balances will have a higher repayment obligation. It will now be an offence for a borrower to knowingly default on an overseas-based borrower repayment obligation.

For more information on student loans and allowances schemes, visit the StudyLink website.

## Go boldly! Where no tax-break has been before...

The budget will provide tax relief for six areas of so-called 'black hole' business expenditure. This will make some items tax deductible where there have previously been no tax breaks at all. The changes will reduce compliance costs for some businesses and may stimulate business activity in those areas.

For companies, there'll be some relief, although it's a fine line as to what is and is not deductible:

- All direct costs associated with the payment of dividends by a company to its shareholders will be deductible
- Annual fees for listing on a stock exchange will be deductible. However, the initial costs of listing on a stock exchange and the costs of additional share issues remain non-deductible
- Annual shareholder-meeting costs are immediately tax deductible, while special shareholder meeting costs remain non-deductible

It has also been announced that small start-up companies with tax losses from Research and Development expenditure may be able to get these refunded in cash. Further details are expected soon.

## A little relief for businesses

ACC Levy rates for households and businesses will drop by up to 40%, staged over the next two years.

The final decisions on levies for 2014/15 will be made later this year, following public consultation.



## Netiquette – the meaning of email

1. **Don't make assumptions.** If you're unclear about the content or the tone then ask for clarification before you react.
2. **Use sentence case.** Typing your emails in lower case can create the perception of lack of education or laziness. Use sentence case to appear more professional.
3. **USING ALL CAPITAL LETTERS or BOLD LOOKS AS IF YOU'RE SHOUTING.**
4. **Address your contact with the appropriate level of formality.** Make sure you spell their name correctly.
5. **Be informal, not sloppy.** Commonly accepted abbreviations may be suitable for internal communications but, with clients or customers, everyone should follow standard protocol. Email messages reflect you and your company, so traditional spelling, grammar, and punctuation rules apply.
6. **If you cannot respond to an email promptly,** at the least reply to confirm you received it and indicate when the sender can expect your response or solution.
7. **Avoid High Priority and URGENT!!!** If it's really important then use the phone.
8. **Don't use Read Receipts.** They're intrusive, annoying and easily declined.

### 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.*