

Spring Wilco 2013

Risk and Reward



Scheme swapping across the ditch

The Australian government recently announced that they have made changes to legislation that will allow New Zealanders to transfer their retirement savings from KiwiSaver into a compatible Australian scheme and vice versa.

This legislation is the result of an arrangement between the New Zealand and Australian governments and removes an obstacle between the two countries, providing the ability for people to take advantage of employment opportunities in either country, while still continuing to contribute to a retirement scheme.

Australia's ruling is that it is compulsory for employees to be involved in a superannuation scheme. This means that previously, any Kiwis working in Australia who were contributing during the time of their employment had to leave that money in Australia when and if they returned to New Zealand.

The Australian Tax Office recently estimated that it is holding NZ\$21 billion in lost accounts, which has been put down to contributing Kiwis who have returned home and had to leave their contributions behind as a result. The new scheme will mean that this money can be transferred from the Australian scheme, to their scheme provider here in New Zealand.

The transferring of funds will not incur any entry or exit taxes but the downside is that Kiwis will not be able to use their Australian superannuation fund towards a new home. However any interest earned on the account may be used to do so.

The Australian scheme will have to comply with KiwiSaver in order for the transfer to be made as not all schemes are compatible.

If you have contributed to an Australian superannuation scheme in Australia and want access to your funds, visit www.kiwisaver.govt.nz

Tax Talk

Changes to online tax returns

The IRD have made changes to the way you file your GST returns.

In September last year the IRD introduced the eGST filing service. Now the decision has been made to remove the ability for the public to access the standard online form, meaning customers will need to change their filing methods and register to file their returns through MyIR.

The IRD will have sent a letter to all clients in July notifying them of the change. In addition to this a new GST email service has been established to alert customers registered with MyIR that their GST return is available, three days before it's due.

For more information on the changes to online GST returns, visit www.ird.govt.nz





Changes to parental leave and the minimum wage

On 1 July 2013, the rate for Parental Leave and Employment Protection increased. The change has been made in line with the alteration to the average weekly wage.

The maximum amount available to eligible employees and the self-employed increased from \$475.16 to \$488.17 gross a week.

The minimum parental leave payment for self-employed persons increased from \$135 to \$137.50 gross a week.

Each rate is calculated based on the employee's average weekly earnings and those eligible for the scheme are entitled to 14 weeks.

If you always do what you always did, you will always get what you always got. - Albert Einstein

Invest in your business - invest in your staff

Your staff can often be one of the most valuable assets in your business. By investing in training, and taking the time to develop their skills, you will find that they not only feel valued as team members but it can also improve know how and the ability to adapt in unknown or new situations.

Although up-skilling is not always a low cost solution, it's important that it's viewed as an investment in your business. Some of the benefits to up-skilling include:

- Staff retention - employees who are given ongoing training feel valued and tend to remain loyal
- Improved quality and productivity - providing staff with the skills to deal with more challenging and potentially unexpected tasks
- The flow on effect - motivated employees have a more positive attitude and this can influence other members within your team
- Staying competitive - with a great team behind you, you have the potential to become the best in your market

There are many organisations now providing staff training programs throughout New Zealand. Before embarking on a training initiative, do your research. Ask yourself what you think would benefit your team and start from there. Take the time to invest in your staff and you will not be disappointed.



New mixed-use assets rules, lease payments and other measures now law



Tax rules on lease inducement payments and surrender payments now law

A recent change in legislation introduced new rules on the tax treatment of lease inducement payments and surrender payments. From 1 April 2013, such payments are deductible for the payer and taxable for the recipient and are subject to spreading rules.

If you are negotiating or renewing commercial leases, we recommend talking to us to ensure any tax considerations are correctly taken into account.



Renting your beach house out?

As previously signalled in earlier Wilco issues, new rules on claiming expenses for mixed-used assets such as holiday homes (assets being used both privately and for earning income) have been passed in to law.

Previously expenses have been subject to a private to business ratio (including when the asset was available for use even if it wasn't being used). The new rules restrict the deductibility of this expenditure by limiting the expenditure allowed for the period that the asset is available for use and not used.

Even though these rules have just been enacted, they actually apply from 1 April 2013. If you own any assets such as a holiday bach or a boat and rent these out during the year, please come and talk to us. The government has publicly stated they are expecting an extra \$50m in revenue from these new rules, so they will be enforced.

A leader is a dealer in hope. - Napoleon Bonaparte

Make sure you're covered.

Who is Accountancy Insurance and what do they do?

Accountancy Insurance are tax audit insurance specialists who assist over 1800 accounting firms throughout New Zealand and Australia. Established in 2003, Accountancy Insurance currently employ over 60 members of staff across both countries with each and every team member passionate about providing the market with a tax audit insurance product that is simple and effective - **Audit Shield**. The team at Accountancy Insurance has the depth of knowledge to ensure **Audit Shield** covers accounting firms and importantly, you, when it matters.

Fundamentally, **Audit Shield** allows for clients of accounting firms to be covered for professional fees that are incurred as a result of responding to post lodgement queries from Inland Revenue (IR) and other government authorities in New Zealand. 'Audit' is broadly defined under the policy to include any official enquiry, review, investigation or audit (including phone enquiries) instigated by the government authorities in relation to lodged returns.

With the announcement from Inland Revenue that the mainframe computer system would go through an expensive update over the coming years, we anticipate the technology to be much more advanced in matching and reviewing tax lodgements. In order to be protected, ensure you ask us about **Audit Shield** to find out how we can give you peace of mind when it comes to tax audit insurance.



'Take time to be sure, but be sure not to take too much time' Kushandwizdom

Business Perspective

Janine Tait Group

Janine Tait is open about her business philosophy. Starting out as a small business owner, she has watched her company grow for over 20 years by following a simple mantra, it's about being approachable, available, and supportive to your client base.

The Janine Tait Group is a two part business that provides products and education to the beauty industry. The company aim is to promote health and beauty to salons and clients nationwide. One arm of the business focuses on the distribution of skincare, including the natural Janesce range and increasingly popular beauty supplement, Bestow. The second part to her growing business is the Lox Beauty Salon where Janine started out. Overall, the company now employs six staff and supplies over 200 different clinics throughout New Zealand. Janine is passionate about both areas of the business, 'Essentially I believe that beauty starts from the inside so this philosophy permeates all that we do and Bestow is a wonderful product that treats the skin from within.' The Bestow range includes a beauty oil that can be added to smoothies and salads and a range of detoxifying and beautifying powders that are easily sprinkled over food.



One of the biggest challenges the business has faced is the ability to deal with growth. 'At times we have experienced intense bursts of growth and managing this has been our biggest hurdle. This has included finding staff that fit in with the same passion and philosophy, but luckily over the years we have built a fantastic team that enjoys working together.'



Janine sings the praises of her accountant for helping her develop the business to where it is today, 'I think the role of accountants has changed over the years. Our accountant no longer just prepares our books but has taken on the role of business advisor too. She understands our business well and is able to be a sounding board for all our plans.

When it comes to giving out helpful advice to other small businesses, Janine believes cashflow is essential. 'It is the life blood of any business, so make sure you have enough to keep your level of debt under control as interest payments can suck the life out of your cashflow.

Janine also believes it is incredibly important to walk the talk, 'you have to love the brands you are representing and here at Janine Tait we are all passionate about health and wellbeing.'

Janine is about to complete her training in nutritional medicine, so spreading the word about health and wellbeing is an important side benefit to the day-to-day business and one that she continues to share with her growing client base.



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.

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