

## August 28

1st instalment of 2015 Provisional tax if you pay three times a year (March balance dates)

## September 29

2nd instalment 2015 Provisional tax (December balance dates)

## October 28

1st instalment of 2015 Provisional tax for those who pay GST twice a year

## November 28

1st instalment of 2015 Provisional tax (June balance dates)



## Facebook for staff

If you want to find out about a prospective employee, why not look them up on Facebook? If they have been foolish enough to publish material about themselves, which they would rather you didn't read, would they really make a good employee?

## Use email signature as a marketing tool



An email signature can be a useful marketing tool.

A signature can automatically go on the end of every email you send. It should at the very least include your contact details, company name and your designation (i.e. sales manager).

It can also include the company logo and, if relevant, your website and social media addresses (Facebook, Twitter, LinkedIn).

However, you can use the signature to market yourself, your company and or a

product/service by adding special offers (make sure you change it or delete it once the offer expires), to publicise any awards won (Plumber of the Year etc), a testimonial or even a recommendation for a partner business.

There's plenty of information on the internet about how to set up a signature in Outlook or in Mac Mail if you don't have one already. You can even set up different signatures for different recipients (i.e. sales or general).

*Coming together is a beginning; keeping together is progress; working together is success.*  
**Henry Ford**



**Neil Ruddell**  
Partner



**Nigel Brereton**  
Partner



**Ed Roberts**  
Partner



**Gavin Buckingham**  
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## Make sure you get proper tax invoices

If you want to claim GST, you need a valid tax invoice for amounts over \$50.

Not all retailers are issuing proper tax invoices.

A tax invoice must include the words "Tax Invoice" as well as their GST registration number, the date, the suppliers name and your name along with a description of the goods/ services supplied.

If you do not receive a tax invoice for goods purchased, you are not permitted to claim GST. Should you be given an invoice which does not qualify as a tax invoice, ask the assistant to record the missing information on the document and, to be extra cautious, get the person to initial the changes.

You may well discover the omission after you have left the shop. The remedy, in that case, is to ring the firm concerned, get the name of the person you talk to and ask for permission to insert the missing information as **agent for the supplier**. Then insert the missing words or number. Be careful, it is illegal to be issued with two tax invoices for the same transaction.

If you purchase second hand goods from an unregistered seller you may still claim GST. See us for advice.

## Under-promise, over-deliver for good referrals

It should be obvious to anyone in business, not keeping your word does nothing to enhance your image.

It's often hard to tell a customer, very politely of course, "You'll have to wait". You might be a very small building company and know you won't have a gap in your work for six months.

If this is the situation, tell the customer you can start in seven months, turn up after 6½ and you'll be praised. Say you'll be along in three months (to keep the customer happy) and they'll hate you for taking six.

Never promise more than you can achieve. It's better to lose jobs than to upset customers, because happy customers are the very people who are going to recommend you for your next job. You'll get payback when the economy goes bad again, as it inevitably will one day.

You'll get referrals when others won't.

### ACC classification

It appears ACC may be using "Manufacturing" as a default classification. If you receive ACC statements, check to see they have the correct classification for your industry. Your premiums could be too high. If this has happened to you, go back to earlier years and request refunds if necessary.

## GET PERSONAL-BUSINESS LOAN ARRANGEMENTS RIGHT

A client bought a new car for his business. The finance arrangement was in his own name, but the business made the payments. The interest is not tax deductible on the money borrowed.

While we can remedy the situation, it adds to our work and your costs. Make sure if you are borrowing money for your company, the documentation is made out to the company and is signed

on behalf of the company by you as a director.

Sometimes you can get a lower rate of interest by getting a loan in your own name rather than in your company name. If this is the case, talk to us. You could be appointed agent for the company. This would need to be properly documented.

## When missing out creates opportunities

### What do you do if you've missed out on a contract?

Stu is a real estate agent. He tried so hard to sign Norm up when he was selling his house. His was the best presentation. However, he didn't succeed.

When he found this out he wrote a very nice letter to Norm thanking him for being invited to tender this time and wishing him well with the sale of his house. Norm was so impressed he has told other people.

If Stu always does this (and you can bet he does), he'll inevitably get more referrals than he would have done. Stu is a top salesman. Surprised?

Amy is a top-flight caterer. She was invited to quote for a wedding. She missed out.

When she was told she had been unsuccessful, she asked (very nicely) why. She wanted to know what she could do better next time. Then, and this is the key, she sent an email to the bride and groom a short while before the big day wishing them the best.

Will she be remembered and get referrals? What do you think?

If you lose out when you've quoted, see if you can learn from Stu and Amy. Don't be sore about losing. Treat it as an opportunity to get more references.

# IRD and 'your cheque is in the mail'



From 1 October this year cheques must reach IRD by the due date for payment.

Posting a cheque on the last day will be too late. IRD will accept post-dated cheques but won't guarantee to not bank them early.

If there are insufficient funds to pay the tax, that's the taxpayer's problem. IRD say they will endeavour to avoid banking early and we believe them. Mistakes are made, however.

To help ensure a post-dated cheque is not banked too soon, highlight the date on the cheque in a bright colour and staple a warning to the cheque that it's post-dated.

Payment on the next working day after a weekend or holiday is still acceptable. A provincial anniversary day is a working day, NOT a public holiday for the purpose of the tax being received on time.

Westpac will accept cash or eftpos for tax payments, but not cheques.

IRD will not accept cash.

## No will? Make one now

Do you have a will? Fifty percent of Kiwis don't. Which 50% do you belong to? A will is important. If you haven't got one, do something about it now or you may leave behind a badly hurt loved one.



## Rules for accounts change from 1 April 2015

The rules for preparing your accounts will change when we do your 2015 tax return.

The new rules are supplied by the tax department. The main difference between what we do now and what we will be required to do next year is to tell the IRD about "associated person transactions".

Roughly translated, this means dealings the family, another family company or family trust have with the company. So, if you pay your daughter for sticking stamps on envelopes you'll need to tell the IRD how much you paid her. The list of disclosures of transactions with associated persons is:

Interest paid by the company. Mostly shareholders, lend their money interest free to their company, so this won't affect them.

Loans made from the company. This mostly arises when the shareholders are living beyond their means and need to borrow from the company instead of the other way around.

Payments for services received by the company. This includes wages, salaries, management fees etc for each recipient. The name of each person and the amount is sufficient.

Rentals and leases of land and other assets, which would include use of home.

Expenses for acquiring intangible property, which would apply, for example, if you charged your company for the use of a patent.

### Important

Please make sure you are ready to provide this information when we require it.

## Claiming for partner

When can you claim the travel costs for your spouse/partner, accompanying you on a business trip? The IRD says the companion has to support the business person to a reasonably substantial degree, in the business being undertaken. It has issued a document called QB 13/05, which sets out guidelines in some detail. If you want to claim a companion's travel costs, we will be guided by this IRD pronouncement when advising you on its tax deductibility.



## Perception is reality

What matters is what the customer feels about your service. If the customer is peeved, you're in the wrong in their eyes. However, if one of your customers is consistently unreasonable, you don't need to continue to do business with them. Get rid of them, preferably in a way which doesn't cause offence.

## Keeping hard-earned wealth a challenge

We have seen many clients work very hard only to lose some or all of their savings. And they're not stupid people, quite the contrary.

Keeping your wealth is a challenge. You need to think about how to do this. Also, think about why the mistakes have been made. Greed? Bad advice? Putting all their eggs in one basket? Collapse of the sharemarket?

You'll be lucky to avoid making some mistakes. Let them be relatively small.

Here are a few examples of how you could have made mistakes:

- Ross Financial Management promising exceptional results.
- South Canterbury Finance Company was a safe finance company wasn't it?
- Lending to the wrong finance companies, often on the advice of a professional.
- Many tax avoidance schemes such as pine trees, kiwifruit, alpacas and films have not worked out so well.
- Bubbles bursting, such as the sharemarket in 1987.
- Over-exposure to debt when the market recedes, usually while investing in real estate or the sharemarket.
- ANZ Bank promoting ING to its customers. Do you remember what happened?

So what should you do? It's not our job to provide financial advice and the law requires us not to do so. Besides, we don't have the specialist knowledge required. However, consider these points:

1. The higher the return on your investment, the greater the risk. Don't be greedy.
2. Keep alert. Doing what everyone else does is, at times, wrong. Recently, gold was an example of this. It was going up for ever, wasn't it! The 1987 sharemarket collapse was another.
3. Recognise your mistakes and maybe you should sell out before they get worse. Have you the courage to do this?
4. It's often a good strategy to get rid of your losers rather than cash in your winners. If your winners continue to win, you're better to stay with them. You may have heard it said "No one ever went broke taking a profit". It sounds wise advice but maybe it's those who hang on to their good investments who really make the profits.

Spread your risks. If you're tempted into a scheme which looks too good to be true, it probably is. If you really are tempted, don't go in big time. Only invest money you can afford to lose.

## Petrol Rebates

All petrol sold in New Zealand has an excise duty tax applied to it. This tax is theoretically for the creation and maintenance of the country's roading infrastructure. It follows then that petrol not used in vehicles on the road should have the excise duty refunded.

Excise duty applies to Petrol at the rate of \$0.66 per litre (as at July 2014). Rebateable duty also applies to LPG and CNG.

Excise duty does not apply to diesel. Instead of having the tax applied to the fuel, owners of diesel vehicles pay a road user charge based on mileage. Road user charges can also be refunded when vehicles are used off road (see [www.nzta.govt.nz](http://www.nzta.govt.nz) for details).

Farmers are entitled to claim a rebate on the above fuels used in the following in the operation of:

- Petrol tractors
- Farm bikes and Quads
- Chainsaws
- Brush cutters
- Stationary motors & generators
- Gas bottles for docking
- In certain circumstances, specially licensed vehicles or utes used on farm, but sometimes used for short distance travelling between farms.

The key point is that this is an on road v. off road test. It is not the business use test that we use for annual accounts or GST.

At \$0.66 cents a litre, the *petrol rebate* is worth claiming. Farm bikes, particularly quads use a lot of petrol. Many farmers easily use several thousand litres a year. \$0.66 per litre rebate over 2,000 litres generates a \$1,320 rebate. This is not a bad reward for minimal paperwork and quarterly claims.

Claim forms (MR70) are available from the New Zealand Transport Authority, or are found at [www.nzta.govt.nz](http://www.nzta.govt.nz). An Excise duty fact sheet (Factsheet 14) provides details on the excise duty refund process.

Claims are filed quarterly and require details of usage of fuel, a reconciliation of opening and closing stock and proof of purchases.

It is possible to claim refunds as far back as 2 years, but you lose 10% of the refund for any claims older than 3 months.

For those who apply for and obtain a *petrol rebate*, these refunds are subject to GST and income tax. The refund should be credited back against the appropriate expense code or recorded as taxable sundry income.

### 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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