



Fonterra Support Loan and GST

Farmers receiving the Fonterra support loan with their monthly payout should ensure that they do not trigger GST on this when analysing these receipts. This is shown on the Fonterra statement as "Co-operative Support monthly instalment".

Engine Room



Exit: stage right

We read a lot about the ageing population and its potential impact on the economy but what does it mean for small business?

In business, typically, it takes a lot of energy and planning to get started and a lot to keep going and keep growing. Very few business owners start a business with exit in mind. It seems completely counter-intuitive. When do you start thinking realistically about what you want to happen when you retire?

For some, it's too hard to think about. Many business owners might talk about funding a lifestyle but actually work has been their lifestyle. But then what happens to the business? Economically it's a waste – a waste of the business' assets, client base, employees; and the hard work it took to make it real.

What's your plan? What do you want to see happen? How much money do you need to retire? How do you start even thinking about all this?

In search of success(ors)

Are there family members working in the business who are interested in taking the business on? Do they have all the training and experience they need? What about your team or franchisees? Do any have management and leadership potential which could be developed further? It doesn't have to be a single individual – there might be a couple of key people motivated to form an effective partnership with some serious buying power. Is this a good time to start a conversation?

Alternatives to exit

If the idea of selling the business and retiring doesn't interest you, don't think about it in terms of complete cessation. If you find the right people, it might be feasible to keep an interest in the business and a slice of the decision-making. It could free you up to do other things. At the same time, you'll be able to share the business knowledge you've built up and you'll have the added satisfaction of seeing the business continue to grow.

Ready to sell



If selling is your best option, is your business 'sale ready'? To achieve the best possible price, you need your business to be in the best possible shape when it goes up for sale. You need to analyse your business from the point of view of a potential buyer. Is there clear documentation on business processes and performance? Is your business performing at peak? What would it take to be ready for sale and what is the most realistic timeframe to achieve it?

These are all things we can help with. At the very least, we can help you to start the conversation and work out a plan.

FYI... **Non-current assets:** on the balance sheet, these are assets which you don't expect to be used up by the business, sold or converted to cash during the 12 months after the end of financial year. Also known as fixed assets.



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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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Farewell



Gay Hannan, our receptionist for the last 30 years is retiring at Xmas. Tim, her husband, has retired from Northpower after over 50 years of service and they are looking forward to being busy with the new home they are building. We are sure a lot of you know Gay and join us in wishing her and Tim all the best. We will miss her smile and sense of humour.

Parental leave



The rates for paid parental leave increased from 1 July. The maximum weekly rate for eligible employees and self-employed parents increased from \$504.10 to \$516.85 before tax per week. The minimum weekly rate increased from \$142.50 to \$147.50.

Employment standards

The Employment Standards Legislation Bill has been introduced to parliament, proposing changes to strengthen enforcement of employment standards. This will introduce tougher sanctions for breaches and greater accountability for people and entities associated with the employer – such as directors, senior managers, legal advisors – if they are knowingly involved when an employer breaks the law.

The changes target unfair practices such as unreasonable deductions from employees' wages; or where an employer does not commit to hours of work, but expects employees to be available when required; or where an employer cancels shifts without providing reasonable notice or compensation to the employee.

Penalties

Serious breaches, such as exploitation, will carry maximum penalties of \$50,000 for an individual and the greater of \$100,000 or three times the financial gain for a company. Individuals who commit serious or persistent breaches of employment standards may be banned as employers.

The penalties for minor to moderate breaches will remain \$10,000 for an individual and \$20,000 for a company. Employers who have breached minimum standards may be publically named.

Employment records

Record-keeping for wages, time, holidays and leave again come under scrutiny. Requirements will be made consistent across all employment legislation.

The core requirement is that, when an employee or labour inspector requests it, an employer must be able to produce an easily accessible record of the number of hours worked each day in a pay period, and the pay for those hours.

Breaches will attract infringement notices, with a maximum penalty of \$1,000 per breach capped to \$20,000 if there are multiple breaches.

Labour inspectors' powers

Labour inspectors will have greater ability to share information with other regulators such as Immigration New Zealand, the Companies Office and Inland Revenue to better identify and investigate alleged breaches. They will also be able to request records or documents from employers (such as financial records or bank statements) that they consider will help them work out whether a breach has occurred.

The bill is presently before the same select committee with a report due February 2016.



Wishing you a safe and happy holiday from us all here.

Our office will close on 23rd December and re-open in the New Year on Monday 18 January.

Don't bring me down

We all have an Achilles heel. Sadly, negativity can take us unawares. Negativity is productivity cancer. Heavy words but, in truth, it can hugely hinder success. It saps your energy and the teams. It's deadweight in all your dealings with customers. And if you never want to have a great idea again, negativity's the way to do it. But by being mindful of negative thoughts, we can change our thinking and prevent the effect it has on how we operate.

Here are some of the biggest hindrances to our thought patterns.

Lack of opportunity

Good things come to those who wait. Oh wait, no they don't. We're all hoping for life to dish us up a serving of goodness on a shiny silver platter. But if you think like this, you'll be waiting a long time. The world is far more competitive these days. Opportunities need to be sought out. Make your opportunity by going and looking for it and don't be disheartened if the first one doesn't come off. The opportunity of a life time comes along every few weeks.

Blaming someone else

It's so easy to point fingers and play the blame game but it doesn't get you anywhere. By admitting and learning from our own botched attempts, we grow. Most successful people have failed numerous times, scraped themselves up and carried on. Embrace failure by seeing it as a hurdle to overcome; one that only gets you closer to your goal.

Lack of Time

Everyone has the same amount of hours in a day: those who are successful and those who are not. There is plenty of time; you just need to use it wisely. If you have trouble managing time, look at ways to improve this. Make a list, prioritise tasks and see where the pitfalls lie. Good time management comes with practice and can filter through to all areas of your day-to-day life.

'Successful people are always looking for opportunities to help others. Unsuccessful people are always asking, "What's in it for me?"'

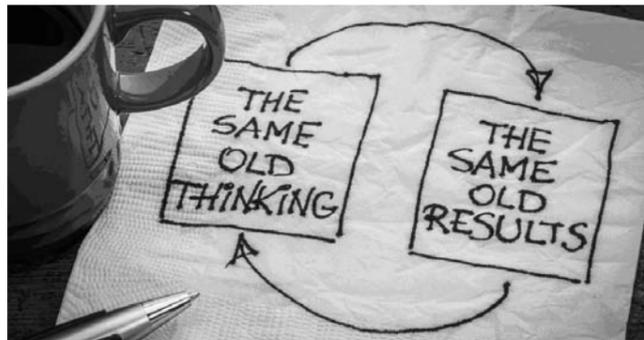
Brian Tracy

At the end of the day, negative attitudes often mask a lack of energy to 'just do it'. At worst, they can be just plain old excuses. You can change the way your day's going and increase your success by being aware of and avoiding negativity - both in your career and personal life. Try it and see.

Shake it off

Practise these simple tricks, if you catch yourself in a negative mind set:

- reframe immediately as a positive statement. Is there a 'glass half full' rather than a 'glass half empty' way to say it?
- get up from your desk and walk briskly. To the photocopier or the tea room, doesn't matter where. Just distance yourself from the negative thought, even for a moment or two. If you can schedule a walk around the block to go for lunch or get a coffee, a little fresh air might do the trick
- smile - If that sounds corny, just try it, OK? 'Fake it till you make it', at least long enough till you get a grip on your thoughts
- wallpaper it. Think of a phrase from your favourite happy song – or whistle or hum, or plug in those ear buds, so as not to get on your colleagues' nerves. After all, negative thoughts are just a habit; they don't necessarily have anything to do with anything. If pop psychology fails try pop music



'It's fine to celebrate success but it is more important to heed the lessons of failure.'

Bill Gates

What's in it for me?

Initially, you may not see the benefits of doing what seem like menial tasks. But a positive outlook and can-do attitude will take you further. Don't think about what's in it for you and what you'll get out of it. That will come. Get stuck in and make the most of every opportunity that comes your way.

Annual Holidays

Your employees are entitled to at least four weeks of annual holidays every year. This applies to all employees, not just full-time employees.

What you must do

When an employee has completed 12 months' continuous service you must:

- Give them at least four weeks of paid annual holidays.
- Give them the opportunity to take at least two of the weeks together if they want to.
- Consider any request from an employee to pay out up to one week of their annual holidays entitlement. You are not allowed to ask or pressure an employee to cash up any leave.
- Keep good records of all leave to avoid disputes and get your calculations right.
- If you have an annual closedown period, such as over a holiday period or seasonal break, then include a Clause for an Annual Closedown Period in your employment agreements to let employees know that this will happen each year. Put a reminder note in your diary at least a month before the closedown to ensure you give employees the required 14 days notice before an annual closedown.

What you could do

- Ultimately the decision on when annual holidays can be taken is up to you. However, there are likely to be fewer annual holiday issues between you and your staff if you work together and plan in advance to give you time to arrange cover for their jobs.
- If staff request to take paid annual holidays in advance of becoming entitled to them, approval is at your discretion. If you approve annual holidays in advance, ask them to agree in writing that you can reduce any final pay to recover the amount of any overpayment of final holiday pay that might result from taking annual holidays in advance.
- If you employ people who have an intermittent or irregular work pattern for genuine casual work, you may be able to pay their annual holidays on a 'pay-as-you-go' basis. This means you can pay them 8% of their gross earnings as annual holiday pay on top of their wages.

Public Holidays

In addition to annual holidays, employees are entitled to 11 public holidays each year, if the public holidays fall on days the employee would normally work.

There are two types of public holidays; the Christmas and New Year period, and other holidays. Special rules apply to the

New tax law on Property sales

The bright-line rule Government proposed as part of Budget 2015 has just passed into law. This rule will apply to residential property bought on or after 1 October 2015.

The new bright-line rule requires people who sell residential property within two years of buying it to pay income tax on the sale, unless:

- it's their main home
- they inherited the property
- they receive a property as a part of a relationship settlement.

All existing property tax rules, for example the intention test, still apply. The bright-line rule only applies to residential property. Business premises and farmland are not subject to this rule.

If you have any doubt about the tax position on any property transaction please ask us for advice before committing.

Christmas and New Year holidays. These rules do not apply to all other public holidays. If the Christmas and New Year holidays fall on the weekend and your employees do not normally work on the weekend, the holiday is transferred to the following Monday or Tuesday so that the employee is still entitled to a paid day off if they normally work those days.

What you must do

- All employees are entitled to a paid day off on a public holiday if it falls on a day the employee would normally work.
 - You may require an employee to work on a public holiday if:
 - the holiday falls on a day the employee would normally have worked, and
 - the employment agreement specifies that the employee may be required to work on the public holiday.
 - You must ensure that employees receive the correct pay for public holidays. The minimum payment is time and a half for the hours actually worked on the public holiday.
 - Put a clause in your employment agreements that states whether you require employees to work on public holidays and that they will be paid at least time and a half if this happens.
 - If the public holiday worked would have been the employee's normal working day, the employee is also entitled to a whole paid day off at another time (an "alternative" holiday), regardless of how many hours they actually worked on the public holiday. "Alternative" holidays are paid at your employee's relevant daily pay rate or average daily pay if applicable.
 - If your employee does not work on a public holiday and it would otherwise be a working day for them, they are paid their usual relevant daily pay, or average daily pay for the public holiday.
 - Employees on call on public holidays have different entitlements depending on the nature of the call-out arrangement.
- ### What you could do
- Give your employees plenty of notice if you want them to work on an upcoming public holiday.
 - You may find some staff want to work on public holidays for the extra pay, while others don't. Consider using a roster, especially over Christmas when many people don't want to work.
 - Consider transferring public holidays to better suit business requirements or employee needs. This can only be done if both parties agree and it does not reduce the number of public holidays the employee is entitled to.