



Graham Brown & Co Ltd

CHARTERED ACCOUNTANTS

Email: info@grahambrown.co.nz

Website: www.grahambrown.co.nz

YEAR END ACCOUNTS

With the end of the financial year just past or fast approaching depending on your balance date, please keep in mind the following items which are important to ensure that there are no delays with your Annual Accounts.

- **Debtors/Creditors** – Make a list of the amounts owed to you (invoiced) but not yet received and the amounts you owe but have yet to pay at the end of your financial year.
- **Holiday Pay** – Keep a record of any holidays paid to staff within 63 days of balance date. These expenses, to the extent that they relate to holidays owing prior to balance date, can be claimed.
- **Bad Debts** – To claim a tax deduction for bad debts, these need to have been written off prior to the end of your financial year. If queried by the IRD it is important that you can show this has been done and it is your responsibility to keep appropriate records to prove this. Note that writing off a bad debt does not mean you have to stop trying to collect it but you must have taken all “reasonable” steps to collect it prior to writing off.
- **Stock on Hand** – Complete a stock take on the last day of the financial year. Whilst some industries have special provisions for valuing stock, generally commercial stock is valued at the lower of cost or net realisable value (i.e. sale price). The stock values should be GST exclusive and you will need to have records to support the values used. Also note that if your total stock is under \$10,000, an estimate of stock on hand is adequate. For farming clients, livestock tally’s and bought in feed on hand over \$58,000 at the end of the year need to be recorded.
- **Timing** – Consider the impact significant transactions might have on your profit for the year. For example, selling an asset after balance date rather than before might defer any depreciation recovered.



QUESTIONNAIRES

Our 2016 Annual Questionnaires for March balance date clients have recently been posted out with those for May balance date clients soon to follow. Please ensure the front page of the questionnaire is signed before returning to us to avoid any delays in processing your accounts. If you have any queries or need some assistance completing the questionnaire, please contact your client manager.

This year we are focusing on efficient collection of your transactional data. If you are using a software package other than banklink, an electronic backup by email to itsupport@grahambrown.co.nz or providing us access to your online software (i.e. Xero or Cashmanager) is preferred. If you are running a manual cashbook or working from bank statements, an electronic version of the bank statements (CSV) from your online banking is the preferred option. Please contact your client manager if you require assistance obtaining the CSV file or wish to discuss software options for future years.



It is a great idea to make an appointment with your manager when dropping in your records. This allows us to check that the required documents are provided and is also a valuable opportunity for managers and yourselves to discuss any specific needs, concerns and/or opportunities.

SIGNING & WITNESSING DOCUMENTS

When signing documents, please take care to ensure you sign every required page and have your signatures witnessed where requested before returning the documents to our office. Any documents not fully signed or witnessed may not be valid. We are happy to assist with completing or witnessing documents if required.



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If you are at all unsure about any of the processes above, please do not hesitate to contact your client manager to discuss.

TAX PAYMENT REMINDER LETTERS

Over the past year the Inland Revenue Department has been increasing the work they do to collect overdue debt. As a result, some clients have received tax payment notices or text messages directly from the Inland Revenue Department before receiving the payment letters from our office or with amounts that differed from the letters we sent out.

A reminder that tax payment letters are sent by our office 2-3 weeks before the tax is due. If you do receive letters from the IRD that differ from what we have advised, please contact your client manager to confirm the amount due.



Telephone Extensions

The team can be reached directly on the following extension numbers:



Putaruru Office - 07 885 1022

Reception	0	Richard	735
Julie Gray	742	Rina	708
Julie Still	725	Shannon	714
Kimberley	746	Timatanga	737
Laura	729	Tinika	727
Linda	747		

Tokoroa Office - 07 886 7098

Reception	0	Sally	213
Carol	221	Selina	222
Robyn	209	Wiki	212

Moving Farms?

Are you shifting farms next season? Please contact your client manager to advise if you are moving farms or picking up an extra supply. This can help reduce problems and speed up the mail, Banklink data and Dairy Company information.

HOLIDAY PAY

There has been recent media coverage regarding holiday pay. The rules for calculating holiday pay have not changed and are well published on the IRD website and in the legislation. The "noise" is related to the way employers and payroll providers are applying/interpreting the rules. We are more than happy to check or assist with the calculations if you have any concerns.



Notwithstanding this, IRD has recently clarified the PAYE treatment for holiday pay. This is a different topic to the focus of the media.

Holiday pay falls within the PAYE tax rules. In terms of establishing which PAYE rates to apply, the holiday pay is classified as either:

- **Salary or wages:** Holiday pay that is linked to the work days within the pay period. This is the most common method of paying holiday pay. For example, an employee takes 2 weeks annual leave and instead of receiving their normal wages for that period they are paid holiday pay. The holiday pay is taxed under the normal PAYE rates.
- **Extra pay:** A payment of holiday pay that is paid in addition to the regular pay period. For example, an employee takes 2 weeks leave and requests that the leave is paid in advance with the pay period before they are away so they receive their normal fortnights salary plus the 2 weeks holiday pay in one pay period. The normal salary is taxed under the normal PAYE rates as usual and the holiday pay is taxed using the extra pay rates.

Where an employee is paid their outstanding leave on termination of their employment or cashes in their annual leave entitlement, these are both taxed as extra pay.

The extra pay rules are intended to ensure that any payments made in addition to an employee's usual salary or wages are taxed at the appropriate tax rate so that the employee is not over or under taxed. The extra pay rates are available on the IRD website. There is a common misconception that the rules result in an employee being taxed at a higher rate, which is not correct.

If you have any queries or concerns in relation to wages or holiday pay, please do not hesitate to contact our payroll team to discuss further.

MINIMUM WAGE



From 1 April 2016 the adult minimum wage rate has increased to \$15.25 an hour from the previous rate of \$14.75 an hour. The starting-out and training minimum wage rate increased to \$12.20 an hour from the previous rate of \$11.80 an hour.

Important reminders:

- The adult minimum wage applies to all employees aged 16 and over who are not starting-out workers or trainees.
- The starting-out wage applies to workers aged 16 or 17 who have not yet completed six months continuous employment with their current employer, workers aged 18 or 19 who have received a specified social security benefit for six months or longer and have not yet completed six months continuous employment with their current employer, or workers aged 16 to 19 who are required to undertake industry training to become qualified.
- The training minimum wage applies to employees aged 20 and over who are doing recognised industry training to become qualified.
- There is no minimum wage for employees aged under 16 but all other employment rights and entitlements still apply.

FUEL REBATES

Fuel rebates can be completed by farming clients for litres used by farm vehicles on the farm (i.e. off road). The appropriate forms (MR70 or RUCOR) can be downloaded from www.nzta.govt.nz or contact your client manager if you require assistance.



EMPLOYER OBLIGATIONS

If you have employees or are taking on new employees in the coming year, there are a few things to be aware of:



- You need to keep adequate records including an employees daily timesheet and annual, sick or other leave entitlements.
- All employees must have a signed employment contract. Please contact our payroll team if you would like a copy of the latest Employers and Manufacturers Association or Federated Farmers Employment Contract.
- Where an employee is provided accommodation as part of their remuneration, rent must be included in their gross wages at market value and the PAYE on the rent paid to IRD as part of the normal monthly PAYE return.

HEALTH & SAFETY

The new Health & Safety legislation officially came into force on 4th April 2016 which places greater responsibilities on employers & employees. If you are not familiar with the new legislation please contact us or your professional advisors in this area to ensure you are compliant with the new requirements.

CASHFLOW & GST REPORTS

DID YOU KNOW? You can receive your monthly cashflow and GST reports via email. If you would prefer to receive your reports this way going forward, please email banklink@grahambrown.co.nz confirming your email address and the entities you wish to link up. Alternatively, you can stop this service at any time by sending an email to the above email address.



TEXT REMINDERS

When booking appointments, please let our staff know if you would like a text reminder closer to the time. We can also send reminders regarding GST, PAYE and other taxes due on request. Please note that these messages are being sent through our email system so you are able to reply by text but cannot phone us back directly from the text message.

Tax Calendar

20th April 2016

- Employer Deduction returns and PAYE payments due
- RWT returns and payments due

9th May 2016

- GST returns and payments due for the period ended 31st March 2016
- 3rd Provisional Tax due for March balance date clients

20th May 2016

- Employer Deduction returns and PAYE payments due
- RWT returns and payments due

30th May 2016

- GST returns and payments due for the period ended 30th April 2016

20th June 2016

- Employer Deduction returns and PAYE payments due
- RWT returns and payments due