

CO.STARTERS NEW BUSINESS DEVELOPMENT PROGRAMME SPREADS ITS WINGS

CO.STARTERS is a programme to assist people exploring and developing business opportunities. This nine week program (3 hours per week) aims to equip aspiring entrepreneurs with the insights, relationships and tools needed to turn business ideas into action and their passion into a sustainable and thriving endeavour. Introduced in

the Buller in 2016, this programme is now expanding throughout the West Coast.

If you have a business you would like to develop and would like to be part of the programme contact Ashley Cassin, Left Coast Events, ph 027 339 1214, ashley@leftcoastevents.co.nz

IN AND OUT OF THE Office

We congratulate Jeffrey on being awarded his CA (Chartered Accountant) qualification. This is a significant milestone. Well done Jeffrey.

Jeffrey Kay receiving his Chartered Accountant certificate from Cassandra Crowley, President of Chartered Accountants Australia and New Zealand.



WELCOME

We welcome Rose Robinson to the accounting team at Cuffs. Originally from the Coast, Rose has worked in accounting firms and taught accounting in secondary schools in the North Island for many years. A love of the Coast, the beach, tramping and the outdoors was the catalyst for Rose's return.

Rose enjoys helping business people to achieve their goals.

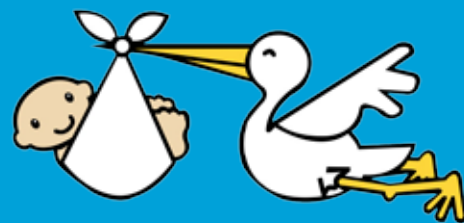


Joke

THE LITTLE FIRE ENGINE

A little boy, wearing a big red fire hat, was riding a toy fire truck down the street. The truck was being pulled by a beautiful Labrador Retriever. Unfortunately, the rope was tied around the dog's privates, and as a consequence, the truck was going very slowly. A man walking down the street noticed how slowly the boy was being pulled and gently said to him, "You know, son, that truck would go a lot faster if the rope was tied around your dog's neck."

The boy nodded in agreement and said, "But then there wouldn't be a siren."



STORKS ARE COMING TO CUFFS OFFICE:

Congratulations to two of our team members who are both expecting their second child. Erica Packman will be on maternity leave from the end of May, while Tina Alison will be joining her in August. On a side note, Peter has started buying bottled water.



AUTUMN 2017

HIGHLIGHTS

Staying Safe Online
Tax Changes and Reminders
Employer Record Requirements

"Off the Cuff"

This summer has been a big one for most businesses in the tourism sector even with the road, rail and weather issues the Coast has faced. However aside from accommodation & food sectors, other tourism providers have reported a mixed bag with some affected by the weather and others affected by the mix of travellers not being ones that their product or service typically appeals to. If your business was down for this season then you need to review your business strategically and put in place counter measures for next season.

The importance of online security is increasing as attacks become more sophisticated and targeted. We offer a few tips in this newsletter and have an article on some of the latest techniques scammers are using on our website. Also we've included detail on changes that took effect from 1 April including use of money

interest, provisional tax and private use of vehicles.

Three years ago Cuffs became the first accounting firm in New Zealand to trial electronic signatures with our clients using Docusign. This has now been adopted by our practice management software company iFirm and it is now integrated into the systems we are using on a daily basis. We will be using Docusign extensively in 2017 and will discuss this with you first.

DocuSign



Peter Cuff

CUFFS ON FACEBOOK

Like our page at [cuffsaccountants](https://www.facebook.com/cuffsaccountants)

We regularly post useful information and happenings on our page.



HOKITIKA DRIFTWOOD AND SAND FESTIVAL

Cuffs sponsorship of the Hokitika Driftwood and Sand Festival continues. Congratulations to all the winners especially Anne Daniel for her sculpture *The Harvest* that won the Most Avant-Garde Award; Jordan Thorpe for *Save the Seals*, Junior One Ocean Award and Jonnie Paul-Pringle, for *Wreck Discovered*, Best Student Entry, all sponsored by Cuffs. Well done again to the organisers for another excellent

event. This event helps put Hokitika on the map as the wonderfully creative place it is.

The Top of the South West Coast Dairy Industry Awards are another outstanding event Cuffs is a sponsor of. We congratulate Clay Paton (Dairy Trainee of the Year), Jack Raharuhi (Dairy Manager of the Year) and Jon & Vicki Nicholls (Share Farmer of the Year).

We are proud to be supporting these two leading events.





STAYING SAFE ONLINE

Expect to see more and more warnings on scams. These are becoming increasingly prevalent, sophisticated and targeted. Being away from the city is no barrier from this in the digital age. We know of examples close to home where the owner received emails requesting payments be made from the financial manager that have been completely fictitious yet very believable. Here are a few quick tips:

- Have a strong password that is long and has lots of different characters and numbers. Don't use personal information. Have different passwords for different accounts. Change your passwords regularly.
- If you receive emails with website addresses that look suspect check the email address or URL is correct. Often scammers use a slight variation of the genuine one.
- Never give out credit card or bank numbers and other business or personal identifying information.
- Have a secure backup solution.
- Ensure your team are briefed and know what to watch out for.
- If you have the slightest doubt call the person or business the email is meant to be from. However don't use the phone number on the email, look it up yourself.

If you want to know more about the types of scams to watch out for we have a paper in the Free Stuff tab on our website.

REMINDERS

MINIMUM WAGE

The minimum wage increased by 50 cents to \$15.75 on 1 April 2017. The starting-out and training minimum wage rates increased from \$12.20 to \$12.60 per hour - remaining at 80 per cent of the adult minimum wage.

CHANGING TO ONLINE ACCOUNTING SOFTWARE

If you are looking to change to online accounting software, the end of the financial year is the best time to do this. Not sure of what software is best for you? Contact your Client Manager, they will be happy to assist you.

DONATION REBATES

Along with claiming your Church and charitable donations don't forget you can also claim a rebate of 33% on the school donations you pay. The majority of people do not do this. Simply retain a receipt and include it when you have your financial accounts prepared. You can download the form (IR526) from the IRD website if you wish to complete this yourself. You are able to claim back up to four years of donations. Be aware that you can only claim donations up to your level of taxable income.

EMPLOYER RECORDS - WHAT AM I REQUIRED TO KEEP?

MBIE has been actively visiting employers in our region to ensure employment record keeping is adequate. Here is what you are required by law to have:

- A signed copy of an employment agreement.
- An accurate record of the number of hours worked by employees on each day as well as the pay for those hours. A statement of the usual hours of work will suffice, for example in an employment agreement, but if the hours of

work differ from this then there must be an accurate record of the hours worked.

- Records of leave entitlements and leave taken.
- If you take deductions out of wages you must have a record giving permission for this.
- If any employee cash's up a week of their annual leave you must have a record of the request for this.

Can you easily find all of these records?



WHAT'S NEW - TAX CHANGES INTRODUCED ON 1 APRIL 2017

USE OF MONEY INTEREST

Amongst a package of changes applying from the 2018 income year (i.e. from 1 April 2017 for standard balance date taxpayers) is the removal of use of money interest from the first two provisional tax instalments (for those who pay in three instalments) and who continue to use the standard method to calculate and pay provisional tax (commonly referred to as the 'uplift method').

Businesses (including companies and trusts) and individuals with residual income tax of less than \$60,000 and paying provisional tax in three instalments using the standard method will not be subject to use of money interest.

PROVISIONAL TAX CHANGES

Provisional tax changes apply from 1 April 2018. These include the proposed accounting income method (AIM) of paying provisional tax.

While current methods for calculating and paying provisional tax will still be available, AIM proposes that you pay provisional tax calculated from your accounting software, where you are a business with less than \$5m annual gross income. AIM capable software will calculate provisional tax owing throughout the year and enable you to pay provisional tax direct to Inland Revenue. So the year-end tax return becomes more about verifying payments made through the year and making any adjustments or

corrections needed.

This could work well for new businesses who don't have to worry about paying tax in their first year, but when it enters its second year, it has to meet not only its tax obligations for their first year but also make provisional tax payments towards the second year. This is somewhat of a double whammy businesses struggle with. With AIM, new businesses would start paying tax instalments when they start making a profit.

Seasonal businesses may be particularly keen on this method as they would pay less or no tax in their off season when profits are low/non-existent.

MILES TO GO – CHANGES PROPOSED FOR MOTOR VEHICLES

Currently companies providing a motor vehicle for the private use of shareholder-employees must pay FBT on the value of the benefit provided. This value is based on the availability of the vehicle rather than its actual private use and this means higher FBT compliance costs for small companies. For most of our clients we do a book entry that increases the taxable profit, and hence tax, rather than pay FBT.

NEW OPTION FOR SMALL COMPANIES

The recently introduced legislation changes this for the 2018 tax year (i.e. from 1 April 2017 for standard balance date taxpayers). Under the new rules companies which provide one or two vehicles to shareholder-employees could elect to use the motor vehicle expenditure rules instead of paying FBT. This would mean that, like sole traders and partnerships, small companies could use a log book to measure the business use of a motor vehicle and calculate the tax deductions allowable for motor vehicle expenditure based on business use.

NEW METHOD FOR CALCULATING BUSINESS USE TO CLAIM DEDUCTIONS

Also introduced is a new simplified method of calculating business use for vehicles. The new option would allow you to choose to calculate your business usage and resulting deductible expense differently. The new method does not have a ceiling (currently the ceiling in place is 5,000 kilometres of business use).

If you are self-employed or if you operate through a small company and you want to use this method then you would need to know the total mileage travelled each year and be able to work out what proportion of that is business use.

The actual requirement would be for you to keep a vehicle logbook for three months every three years.

When it comes to calculating the tax deductible amount, the calculation is 'two tier':

- for the first 10,000 kilometres, the rate is calculated on the

proportion of business use for the vehicle (say 60%) multiplied by Inland Revenue's first tier rate (for example 75 cents/km but the IRD will advise the rates each year)

- for every kilometre after that, the rate is calculated on the proportion of business use for the vehicle (e.g. 60%) multiplied by Inland Revenue's second tier rate (for example 25 cents/km but again subject to change)

WHAT YOU NEED TO DO

At the close of business on your balance date you should record your odometer reading. Make a diary note to do this next year. You want to be able to tell us the total number of kilometres travelled in the tax year when you bring in your records. And, sometime during the year starting 1 April 2017, keep a logbook for each vehicle for a three-month period to record mileage, costs and when the vehicle is being used for business or private purposes.

If you want to discuss these options for your business, please contact us.