

myIR & myACC

Inland Revenue and ACC are encouraging the use of their online tools myIR and myACC, for faster handling of your tax and ACC obligations. This enables you to:

myIR

- File and pay returns including GST and PAYE
- Check and view any of your tax accounts
- Make payment arrangements for overdue taxes
- Correspond directly with Inland Revenue

myACC

- View and update your business details
- Download invoices and view your transactions
- Make payments via direct debit or credit card

There are many advantages to using these online tools. Register at www.ird.govt.nz/login and www.acc.co.nz/myacc-for-business



JoKe

A woman was telling her friend, "It is I who made my husband a millionaire." "And what was he before you married him?" Asked the friend. The woman replied, " A multimillionaire".

XERO

We are a Silver Champion Partner with 7 certified Xero advisors, who are ready and waiting to show you how to take control of your business, using this popular online software.

Give us a call today to discuss how Xero may work for you.



WINTER 2018

HIGHLIGHTS

- Payday Filing
- Price Hike Tricks
- Rental Loss Ringfencing

"Off the Cuff"

We've had a bit of a break from the newsletters, but the wonderful Tina Alison is getting us back on track. In this newsletter we talk about price increases. This is a difficult area, especially for retailers who are competing not just locally, but internationally now. However, all businesses are facing increased costs, predominantly in the compliance and labour areas. The increased boost to minimum wages of 4.8% flows through, because many small employers, although they may not be paying minimum wage, kept relative with it. If pricing isn't something you can adjust, then you need to look at costs and particularly whether you can decrease labour costs by doing things smarter or with more automation.

your rental property runs at a loss this will affect you.

As I write this there is a lot of commentary regarding business sentiment being low despite conditions being good. The problem with sentiment is that it can be a self-fulfilling prophecy. This low sentiment is likely to be because of increased costs, increased uncertainty about our government, strikes, union access to businesses and changes to labour rules, to name a few. Then there is increased competition online and what feels like a drop in visitor numbers (at least locally).

On the plus side there is continuing low interest rates, a growing US economy and positive GDP growth in NZ. If your business has profitability issues, then you, like all businesses, may need to adapt to a changing market. Feel free to give me a ring or make an appointment if you want to run any idea's past me.

On the compliance front, early next year you have to shift to reporting to IRD after every pay. This will cause many employers to move to online software that does it for them, or like many, getting their payroll done by an accountant.

If you have a rental property, read about the rental loss ring fencing. If

IN AND OUT OF THE

Office

A warm welcome back to Erica and Tina, who have returned from maternity leave and are in the office part time. They each have two little ones keeping them busy at home, but it's great to have them back in the office!

Departing the office shortly we have Christine and Melanie. Christine is venturing into the world of self-employment and we wish her all the best.

Melanie is changing her focus to her family and other adventures. She's been a long standing employee of 16 years here at Cuffs and her knowledge and humour is going to be greatly missed. We wish her every success in her chosen path.



RENTAL LOSS RINGFENCING

Rental Loss Ringfencing means that you'll no longer be able to offset rental losses against other income types (eg. Wages or Business Income) which often resulted in a tax refund.

Instead any loss will be held aside until such time that your rental property makes a profit, or you sell the property and have to pay tax on the profit under the bright line rules.

Whilst this is not yet legislation, we have been advised that it most likely will be by 1 April 2019.

This means if you are planning any rental property maintenance and want to be able to claim it against your current income, that you need to be thinking about doing it now.

If you want to know more about this, give your Client Manager a call.



Tina & Erica.



Melanie.



Christine.

CUFFS ON FACEBOOK

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

We regularly post useful information and happenings on our page.



BEST START TAX CREDIT

The Best Start Tax Credit (BSTC) is a new element of Working For Families, announced by the government to help Kiwi families. It's available to all qualifying parents with children due or born on or after 1 July 2018.

If you are receiving paid parental leave, the Best Start payments will start once your paid parental leave payments end.

How much will you receive?

\$60 a week for the first year – regardless of household income.

An abated amount for the second & third years – based on income:

Annual Family Income	BSTC for 2nd/3rd years
\$79,000 or below	\$60 a week (\$3,120)
\$80,000	\$55 a week (\$2,910)
\$85,000	\$35 a week (\$1,860)
\$90,000	\$15 a week (\$810)
\$93,858+	\$0

How do you apply?

Apply online when you register the birth of your baby www.smartstart.services.govt.nz or complete a Working For Families Tax Credits Registration www.ird.govt.nz/wff-tax-credits



PAYDAY FILING

From 1 April 2019, payday filing will be mandatory in New Zealand. What does this mean for you as an employer? Instead of submitting an Employer Monthly Schedule each month (IR348) to Inland Revenue, you'll need to file an Employment Information Schedule after every payday. Due dates for submitting the Employer Deduction form (IR345) and paying PAYE remain the same. If you'd like to get cracking earlier than 1 April 2019, you can call IRD to set this up now, although we recommend waiting until it becomes mandatory, unless you have software that supports direct payday filing.

There are 3 ways you can file online:

- Direct from your payroll software (if supported)
- File upload in myIR
- On-screen in myIR

Additional information that will be included in the Employment Information Schedule will be your employees date of birth and their contact address – therefore you need to obtain this information when a new employee starts.

You must file online if you make employer deductions of over \$50,000 a year or more. If your total is less than \$50,000 for the previous year ended 31 March you have the option to file paper returns.

Don't get caught out! Choose which category you fall into and be prepared for these changes. Either contact us or your payroll software company and discuss how to file the new schedule. If you don't already file online, now is a good time to create a myIR account with Inland Revenue and familiarise yourself. Take a look at our separate article about myIR.



MINIMUM WAGE INCREASE

Just in case you missed it.....the minimum wage increased on 1 April 2018 to \$16.50, with the starting out and training allowances being 80% of that (\$13.20).

DOCUSIGN

We mentioned in a previous newsletter that we've made the move into the electronic signature world. Docusign is now widely used by us as a fast and easy method for signing your documents, including your tax return. The computerised signature is a verification that you've seen and approved the document.

Here's how it works:

You'll receive an email with a link

asking you to "docusign" your paperwork. Follow the prompts, then click "finish" at the end. The document will then be returned to us, simple as that!

If multiple people need to sign, and share the same email address there will be separate emails sent for each person. Please remember to use your own personal link so you don't encounter any problems.



COMBATTING GLOBAL TAX EVASION

The New Zealand government has joined more than 100 other countries in a global initiative to combat tax evasion. It's called the Automatic Exchange of Information – or AEOI.

This international collaboration will make it even harder for people who are trying to evade paying tax by hiding money or investments overseas.

Please make sure you disclose any overseas investments, bank accounts, retirement funds or

pensions to us, so we can ensure you do not unwittingly become a tax evader.

On a similar note accountants' get pulled into the Anti Money Laundering compliance regime from 1 October, which will mean we will need identification when we do things like form a company for you. Not exactly looking forward to asking someone we have known for years to positively identify who they are, but we don't have a choice in this.

PRICE HIKE TRICKS – HOW TO MANAGE AN INCREASE WITHOUT LOSING CUSTOMERS

The decision to raise your rates is a tricky one. But in the end it's not the hike itself that's important, it's how you implement it. Netflix, for example, put its prices up earlier this year. And while their customers didn't like it, after a few rumblings, the majority stayed on. So what did this entertainment giant do to make the pill easier to swallow?

THEY TIMED IT.

They were about to release the new season of hit series House of Cards, Stranger Things, and The Crown, so were able to say to their customers 'for the extra money, you'll get brand new episodes of your favourite shows'. It was a smart move - adding value to offset the shock. There are other ways you can introduce pricing changes, in a way that softens the blow for your customers. Two

strategies include:

EXPLAIN WHY THE PRICE HAS RISEN:

You'll find that customers will be more understanding if you take the time, upfront, to tell them why you're introducing the change. Perhaps there's been a rise in the cost of manufacturing or delivery, or the rising cost of wages. Or maybe it's been a long time since the last adjustment. Communicating these points clearly – and in advance - means your customers will have time to prepare, and will feel valued and respected. There may even be a rush on sales, as they'll want to get in before the new pricing takes hold!

Whatever you do, don't apologise for the increase. Instead, be confident and show the customer why it's fair and reasonable.

OFFER A BONUS TO OFFSET THE PRICE RISE:

People honestly won't mind paying more as long as they feel they're getting value for money. Which is why it's a great idea to announce a price hike, then at the same time let your customers know that they will be getting more than they did before.

Enhancing the quality of the materials you use, offering new options within your range, providing education, or even introducing new packaging for your product can help sweeten the deal and justify your move.

In the end, raising your prices doesn't have to go hand in hand with losing customers. Often it can even lead to a better quality of customer – one who has a firmer grip on the value you provide.

UNPAID WORK MEETINGS

Commentary on the recent decision of the Employment Court involving Smiths City Group Limited and employees attending unpaid meetings has flooded the media.

Essentially, staff were required to attend pre-work meetings, and in some cases this resulted in them being paid below minimum wage. If you have an employee who is paid close to the minimum wage, be careful to factor in the extra time, to ensure the total time worked doesn't end up being less than minimum

wage – e.g, 8 hours worked at \$16.50 = \$132.00 per day. Add on a 15 minute unpaid meeting, \$132.00 divided by 8.25 hours = \$16.00 – which is below minimum wage.

This latest court case was only action taken against a breach of the Minimum Wages Act, however it does raise the question – What about employees who are on more than minimum wage?

If you do hold unpaid meetings, this is something to think about and you should seek advice as needed.



Joke

So two Irishmen are traveling to Australia. Before they leave home, one of their dads gives them both a bit of advice: "You watch them Aussie cab drivers. They'll rob you blind. Don't you go paying them what they ask. You haggle." At the Sydney airport, the Irishmen catch a cab to their hotel. When they reach their destination, the cabbie says, "That'll be twenty dollars, lads." "Oh no you don't! My dad warned me about you. You'll only be getting fifteen dollars from me," says one of the men. "And you'll only be getting fifteen from me too," adds the other.

