



The Bulletin

DECEMBER 2018 • ISSUE 013



**NAYLOR LAWRENCE
& ASSOCIATES**

CHARTERED ACCOUNTANTS • BUSINESS ADVISORS

In this issue:

- How cyber-secure are you?
- Watch out for spam!
- Are you in charge of keeping the office or work-site safe?
- Checklist: Can your business survive the holiday period?
- How to enjoy all the bells and whistles without the tax headache
- Business Health Check
- Key tax dates
- New rules for mileage
- New parental leave rules
- Payday reporting
- Student loan repayment threshold has been increased

Need professional accounting advice before Christmas?

Secret Santa, Christmas drinks and road trips are just around the corner but as business owners you've no doubt got a shedload to get sorted before you can relax. Take a break with a quick look at our last newsletter for the year. It's packed with top accounting tips for avoiding a financial hangover this Christmas and insights into business safety and security, so you can head into 2019 footloose and (relatively) tax free.

We'd love to help but keep in mind our office will be closed from 21 December until 14 of January. Have a fantastic break!

How cyber-secure are you?

Blackmail, extortion and identity theft might sound like something straight out of a blockbuster movie but cyber crime is not only a reality, it's on the rise and research shows the average Kiwi business isn't prepared.

Is New Zealand under threat? We're so far away!

Unfortunately 'out of sight, out of mind' doesn't apply to cyber criminals. More than a quarter of Kiwi businesses surveyed by Grant Thornton in 2017 faced a cyber-attack in the previous year, placing us eighth in the league table of 37 countries surveyed.

What can happen if I'm attacked?

Cyber security threats, which include data breach, insider threat, cyber bullying and more, can mean facing larger financial loss from reputational damage, theft of customer details and intellectual property, and infrastructural damage.

How much protection do I need?

It can be as simple as switching on two-step verification on your email but if you rely on sensitive data or store personal information about staff and customers, you'll need to do more. Being proactive could mean software updates, setting up logs, using cloud services (if you're not already) and securing devices.

Unfortunately, it's not a question of 'if' but 'when' your business will be attacked, so take action to protect your business. To find out the best way to keep your business safe in 2019, give us a call.

Watch out for Spam!

With the recent increase in spam emails supposedly from the IRD, keep an eye out for the subject heading: "GST returns due in 5 days". If you get one, delete it.

Palmerston North
196 Broadway Avenue
☎ 06 357 0640

Dannevirke
11 Ward Street
☎ 06 374 4266

www.nla.net.nz



Are you in charge of keeping the office or work-site safe?

Locking the doors is one thing but you need to take extra steps to ensure your workplace is safe and secure before you head away this Christmas. The last thing you want is for someone to access your work space and hurt themselves. Take time to check every square inch of your work environment, inside and outside, so you can rest assured nothing will go wrong while you're away.

Manage a construction site?

Here are nine questions to ask yourself before you head to the beach:

1. Is your worksite fenced off from the public?
2. Are the public protected from falling material?
3. Is clear signage present to warn people of danger?
4. Is the boundary secure?
5. Have steps been taken to prevent any unauthorized access, eg are all ladders removed or their rungs boarded so they can't be used?
6. Are excavations and openings securely covered or fenced off?
7. Is all plant immobilised to prevent unauthorised use?
8. Are bricks and materials safely stacked?
9. Are all flammable or dangerous substances locked away in secure storage places?



Anti-Money Laundering

Since 1 October 2018 we will be required to collect more information about our clients to comply with our obligations under New Zealand's Anti-Money Laundering (AML) regime.

Please do not be offended when we ask you for this information, as we are obliged to comply with the AML legislation. To find out more please visit our website.

Checklist:

Can your business survive the holiday period?

While the Christmas/New Year period is traditionally a slow time of year for business, you still need to meet your expenses.

Ensure your bases are covered before you clock off for the year.

1. Plan ahead

Do a budget to figure out how much you are going to need to cover your overheads. This is especially important if it's going to be several weeks before you start earning a crust again.

A cashflow forecast will help you identify any issues before they become problems.

2. Get your cashflow in order

You can achieve this by:

- Prioritising jobs you can complete quickly so you can invoice clients straightaway.
- Incentivising early payment for completed work by offering a discount.
- Chasing outstanding invoices.
- Seeing if you can re-negotiate payment terms with suppliers.
- Reducing unnecessary spending.

3. Don't forget taxes

IRD expects GST and provisional tax payments to be made on January 15 for November GST filers.

Here's a tip: If paying both is going to hurt the bank account, prioritise paying the GST. You can utilise the services of an IRD-approved tax pooling provider such as Tax Management NZ to pay the provisional tax later. They reduce IRD interest by up to 30% and eliminate late payment penalties.

As always, we're happy to work with you so you have nothing to worry about while you enjoy your summer break.



How to enjoy all the bells and whistles without the tax headache

Parties and gifts are all part of the festive fun but they can cost a small fortune. Here's a list of the rules around entertainment expenses so you know what's deductible and non-deductible before you fork out for your staff and customers.

1. To claim 100% of your customer gifts, keep it non-food or drink related. Book vouchers, tickets to a sports match or a personalised calendar can be claimed in full.
2. Got a staff party planned? Half your food, drink, entertainment and venue hire can be claimed in your GST and income tax returns.
3. You don't need to pay Fringe Benefit Tax on entertainment expenses (that come under the 50% deductibility rules) unless it's being enjoyed by staff outside of their work duties.

4. Heading to Aussie for a fun-filled weekend with your staff? It's 100% deductible (and they'll love you for it!).
5. If you're giving customers and staff food and wine for their efforts you can claim 50% as a business expense.
6. Donating to charity this Christmas? You can deduct 100% of the cost of entertainment you provide to members of the public for charitable purposes.
7. If you're taking your family (who don't work for you) out for brunch to thank them for putting up with your long hours... it's not deductible because it's not related to generating income for your business.
8. Taking the team out for lunch? Ordering in a Christmas feast? You can claim 50% as a business expense whether you're out of the office or on-site.
9. Top tip: If you run out of time to organise Christmas gifts for customers, why not surprise them with a 'Welcome back to work' prezzie in the New Year?

Remember to keep your invoices and receipts for business entertainment expenses and if you have any questions about what's deductible and non-deductible, give us a call.

Business Health Check

Do your Christmas housekeeping!

- Chase up unpaid invoices to encourage payment before Christmas to get cashflow off to a good start for the New Year.
- Make sure your voicemail message and website mention closing date info and emergency contact details. Who's responding to work related emails while you're on holiday?
- Is payroll all set up for the holidays? Don't leave it till the last minute and double check your calculations.
- Shutting the doors over Christmas? Remember to give staff 14 days' notice.
- Back up your client and financial data on all IT systems and run any anti-virus updates.
- Feeling hectic? Make the workplace more relaxed in the lead up to Christmas by decorating the office, organising a Secret Santa, playing festive music or letting staff dress more casually in the final few days.

New rules for mileage

If you are in the habit of claiming your vehicle running expenses based on your mileage, you will need to know the new rules. The 5000 kilometre limit has been abolished. Instead, you look at your first 14,000km of total running. This is called tier 1 and the mileage rate is higher than it is for tier 2. You calculate the business proportion of that first 14,000km. Shall we say that is 20%, which amounts to 2800km. Next, you work out the rest of the total mileage. This is called tier 2. Shall we say you did 29,378km in the year. This means the rest of the mileage is 15,378km and your 20% would be 3076km.

The rates have not yet been announced and they will vary according to the type of vehicle you have, be it petrol, hybrid, electrical or diesel. You should make a point of telling us which source of energy you are using.

As you can see, you really need to know the total number of kilometers you travel every year. Make a diary note to have a look at your odometer at the end of the day on the last day of your financial year. If you sell your vehicle, note the final speedo reading on the old car and the starting figure on the new car. Similarly, note the reading on the new car.

New parental leave rules

When: For employees taking parental leave for a child born (or coming into the employee's care) from 1 July 2018.

What: The rules around parental leave have changed. The number of weeks that a parent can get government funded parental leave payments has increased from 18 weeks to 22 weeks. The number of hours that an employee can do paid work while they are on parental leave has increased from 40 hours to 52 hours during the parental leave period.

What you need to do: Find out what this means for your business. Remember that these changes applied from 1 July 2018, so entitlements will be different for different staff, depending on when their leave starts.

Student loan repayment threshold has been increased

The annual student loan repayment threshold increased from \$19,136 to \$19,448 from 1 April 2018. That means the pay-period repayment threshold for salary or wages increased from \$368 to \$374 per week. Repayment thresholds determine when a borrower must start making repayments towards their student loan.

Payday reporting

When: Voluntary from 1 April 2018, compulsory from 1 April 2019

What: Businesses will need to file payroll information every payday, rather than once a month. This will replace the employer monthly schedule (EMS).

Why: To make a business's tax requirements part of its payroll process, rather than being a separate step.

What you need to do: Start thinking about how and when you'll opt in. You may find payday filing easier if you use payroll software, because this allows your payroll information, including salary, wages, PAYE and other deductions, to be automatically sent to Inland Revenue at the same time as you pay your employees.

If you already use payroll software, ask your provider how they can support payday filing. If you don't use payroll software, start planning now. You'll have time after your payday to file the returns. Payment due dates for PAYE and other deductions won't change.

Contact the NLA office for software suggestions to suit you.

Key TAX Dates - Dec 2018 & Jan 2019

DATE	CATEGORY	DESCRIPTION
5 December	PAYE	Large employers returns and payments
20 December	PAYE	Small employers return and payment Large employers return and payment
	RWT	RWT return and payment due for November
	NRWT / Approved Issuer Levy	Payment and return for November
15 January	PAYE	Large employers returns and payments
	Provisional Tax	Installment due (for taxpayers with March balance dates)
	GST	Return and payment due for November
21 January	PAYE	Small employers return and payment Large employers return and payment
	FBT	Third Quarter return and payment due
	RWT	RWT return and payment due for December
	NRWT / Approved Issuer Levy	Payment and return for December
28 January	GST	Return and payment due for December



Wishing you a safe and happy holiday from us all!

Our office will close at 2.30pm on Friday 21 December and reopen in the New Year on Monday 14 January. If you have any urgent GST or payroll queries during this period please email:

vicki.worker@nla.net.nz

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.