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Welcome Vilna, Sheldon & Jane



Vilna Griggs has come from an accounting background and is working towards her CA. She enjoys spending time at the coast with family and friends and her dog Winston. Vilna is also a House Parent at Poto College House and Treasurer for East Coast Rugby Club.

Sheldon Rennie has a qualification in accounting and is excited to be able to use it. He moved to the Wairarapa a year ago from Wellington with his partner Angel and they are looking forward to putting down roots in the community.

Jane Symmes came on board as a contractor in March. Jane is a CA with over 20 years' experience in business accounting and advisory. She moved to Greytown two years ago to a lifestyle block with her partner Patrick and is enjoying the country lifestyle.



Change afoot for losses carried forward

New Zealand has had one of the harshest tax schemes in the OECD when it comes to allowing company losses to be carried forward.

Any Shareholder change greater than 51% did mean that all tax losses disappeared on the change of shareholding. But from the end of March 2021, the law has been changed to allow losses to be carried forward - even with a 51% change in shareholding. As long as there is not a major change in the business activities of the company within 5 years following the change in ownership.

This test only applies to losses from the 2013/2014 income year onwards.



Entertainment Expenses

Are you getting it right?

If you provide entertainment for your team, clients or other business contacts, some of your entertainment expenses are tax deductible.

Some things are 100% Deductible. Generally, conferences, promoting your business, products or services, sponsorship and some client gifts fall into this category.

Common expenses that are 50% tax deductible are staff celebrations, food and drink provided off business premises, meals out with clients or other business contacts and client gifts of food and drink.

Some gifts to employees may incur FBT depending on what they are and the value of the gift.



Entertainment deductibility is not always straight forward. If you are unsure, please contact us and we can help you get it right.

Directors: Know your role

If you're a director, make sure you're up to speed on both company law and the accepted code of behaviour required for the job. If you ignore the underlying principles of 'good faith' and 'duty of care' you could be fined up to \$200,000 or face jail time.

Remember to:

- Maintain a consistently solid understanding of the company's activities and financial status.
- Confidently read, understand, question, and manage the company's financial statements.
- Stay curious and use your independent judgement when dealing with company matters.
- Utilise reports, statements, and expert help to make decisions in the best interest of the company and know when to ask for more information.
- Consider joining [The Institute of Directors](#) to develop your skills and knowledge, learn from more experienced directors, and access helpful information and services.



When is a gift really a gift?

A gift is not really a gift if you get a benefit because of it.

Inland Revenue says the payment must be voluntary and there must be no "identifiable direct valuable benefit" arising or may arise because of the payment.

If a non-profit body receives a true gift then they don't pay GST. On the other hand, if it is not a true gift because there is a benefit, GST has to be paid on the money received.

If you are involved with any organisations that are GST registered, which receive "gifts" of money, make sure there isn't anything given in return for the "gift" or you will be liable for GST.



Correct until it hurts

When your business makes a mistake and a customer is adversely affected, you have an opportunity to convert the person from not just being a customer, to being an advocate for your business.

If you make a mistake, be prepared to be generous to the point that correcting it hurts.

"We won't charge you for that," goes down well with a client.

You will not only keep your customer and keep your goodwill intact, but you might also impress the person to the extent they recommend your business to others.

Sick Leave Changes and Consequences

From 24 July 2021 employees sick leave entitlements will increase to 10 days per year. Employees will get the extra 5 days on their next sick leave entitlement date.

If you have a large number of staff your costs are going to increase as a result of the doubling of the sick leave entitlement to 10 days. Unfortunately, some staff may abuse sick leave.

You might wish to calculate how much this is going to cost you and try to factor it into price negotiations, otherwise it will come straight out of your profit. Those involved in labour-intensive industries such as cleaning, will need to consider the implications of the 10 days sick leave.

Business Bites

Contractor or employee?

Recently, Inland Revenue has produced an eNewsletter in which it reminds readers of the legal tests required to determine whether someone working for you is an independent contractor.

These tests include:

- Intention.
- The degree of control or independence.
- What Inland Revenue calls Integration test.
- Fundamental/economic reality test.
- As you can see these matters are technical. If you have a borderline case as to whether someone working for you should be treated as an employee or an independent contractor, seek our help.
- If you get it wrong, the penalties can hurt. Employers can be made to pay the PAYE and the employee can be denied expense deductions, not to mention penalties.



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Cut out our contact details and put them somewhere handy for when you need them.

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended *as general information only*.

OFFICE NEWS

Leanne Southey was appointed to the Wellington Free Ambulance as a Board Member in April 2021. She is the Wairarapa representative, and this role fits well with her Wairarapa DHB Board role and as a Trustee of the Wairarapa Community Health Trust.

Leanne spent a morning with the Masterton based Paramedics recently and was very impressed with the work and commitment that they give to their job and the community.

Leanne was also appointed to the Board of Wellington Water Limited (WWL) on the 1st July 2021. WWL is a Council owned company that manages drinking water, wastewater, and stormwater services for its Council owners (being Wellington, Lower Hutt, Upper Hutt, Porirua, Greater Wellington Regional Council and South Wairarapa Councils). The company is governed by a board of independent directors.

These two appointments require Leanne to be in Wellington a couple of days each month to attend meetings.

We no longer accept payments via cheque.

Please pay our invoices by Direct Credit as indicated on our invoices. You can go to the bank and process this if you wish to.

Please also ensure you use your client code as a reference so, your payment is allocated correctly.

Privacy and Our Services

In providing our services to you, we access and utilise selected services and products from third parties that facilitate our ability to provide our services. Specific examples of this are cloud-based software like Xero, our email and collaboration platforms like Microsoft.

All of these services are provided to us to enable us to better service you. In utilising these services your personal information is provided into these platforms or given to the service providers solely to enable us to undertake our services to you. Your personal information is not to be used by any of these providers for any other purpose than to facilitate our work/services we provide to you. If you have any concern about our use of third party and cloud-based services, please speak to us. Depending on your concern, this may impact on our ability to provide the requested services to you.

In addition to the above, we may use your personal information, such as your address, or contact details or broad business profile, to provide you with industry information or to introduce you to additional services that we offer. As we have already been doing from time to time, we may send you written or electronic communications, or newsletters, or invitations to events etc.

As has always been the case, if at any time you do not wish to receive this information you can contact us and advise us and we will not send you any additional information.

