

NEWSLETTER SUMMER 2015

A new year is on our doorstep once again! All of the team here at F T Dooley Ltd would like to take this opportunity to thank you for your custom and wish you safe and happy holidays!

Our office will be closed from 5pm on Monday 21st December until 8am Tuesday 5th January.

Holiday Pay & Entitlements over the Christmas & New Year

Public holidays, annual closedowns, different pay rates – there are many considerations in the run-up to Christmas apart from buying presents.

Employees are entitled to a paid day off on a public holiday if it would otherwise be a working day.

This Christmas season two public holidays fall on a Saturday:

- Boxing Day and January 2

For staff who don't work weekends, the first workday after these dates will be treated as their public holidays. Meaning they won't have to work on Monday 28 December and Monday 4 January.

If your employees usually work weekends, then there are two options.

1. They can get the Saturdays as paid days off
2. If they work you must pay them time and a half and allow them to take a paid day off later

Leave during an annual closedown

If you have an annual closedown your employees have to take time off even if they don't have any annual leave.

It is essential to give 14 days' notice that employees must:

- take annual leave over the closedown, or
- take unpaid leave if they don't have any leave available

You need to pay your staff for any public holidays that fall on days they'd usually work.

If you have staff that have been employed for less than 12 months then you should:

1. Pay them 8% of their gross salary earned, less any annual leave already taken, up to the shutdown start date
2. Change their date for entitlement for annual leave to one year on from the start of the shutdown
3. If you both agree, let them take paid annual leave in advance
4. Allow for paid public holidays if these fall on a day they usually work

Inland Revenue Focus on Undeclared Cash Jobs

We have been informed by Inland Revenue that the department is placing a focus on undeclared cash income, particularly within the construction industry.

They are indicating there will be increased audit activity within the sectors that are well known for cash jobs.

If proven, undeclared income can attract substantial tax penalties which could have a considerable impact on your business and personal circumstances.

Charities' financial reporting and assurance requirements

In past editions of our newsletter we have highlighted aspects of new requirements faced by charities. Here is a summary of the main changes:

- Up until now, there have been no minimum standards on the content or the quality of annual financial statements filed by registered charities (being Public Benefit Entities (PBEs)).
- From 1 April 2015, annual financial statements must be prepared in accordance with PBE Accounting Standards issued by the External Reporting Board (XRB).
- Four different tiers of financial reporting requirements have been developed to allow smaller charities to prepare financial statements on a simplified basis.
- Tiers 3 and 4 will be required to complete a "Statement of Service Performance", reporting non-financial information.
- Charities also have statutory assurance requirements, which must be in the form of a financial statement audit engagement or a financial statement review engagement. A review provides less assurance than an audit. Assurance engagements need to be completed by an independent external provider.
- Financial reporting and assurance requirements for charities, depend on expenditure levels. There are no statutory assurance requirements for charities with an annual expenditure of less than \$500,000.

The above are minimum statutory requirements. Charities must also consider the requirements of meeting specific trust deeds, governance or funders' requests.

Non-active Trusts

A recent change to the Tax Administration Act 1994 allows Trusts to make a declaration to become non-active so they don't have to file income tax returns.

For a Trust to be deemed to be non-active for an entire tax year it must meet all of the following conditions:

- Hasn't derived any gross income from any source
- Has no deductions
- Has not been party to any transactions with assets of the trust that give rise to Income in any person's hand or Fringe benefits to any employee or former employee

If you have a Trust that you think would qualify for non-active status please contact the office.

Small Business Management Course

Understand key principles and enhance your small business management skills....This popular course is being held in Westport during March 2016.

For a copy of the course advertisement flyer visit our website or contact the office.

If you require further assistance with any of the above topics give us a call at the office. Frank, Gareth or Rochelle will be more than happy to help you!!

Health & Safety

The Health and Safety at Work Act 2015 comes into force in April 2016. The new legislation:

- Increases penalties for anyone conducting a business if they fail to comply with the legislation
- Creates new obligations for company directors and partners in a partnership – effectively requiring the use of due diligence
- Offences are assessed under three categories, with varying degrees of penalty according to level of risk and harm
- Imposes an obligation on workers to take reasonable care of their own health and safety, and do nothing that would adversely affect the health and safety of others.

More information on the new legislation and how it will affect employers can be found at:

<http://www.business.govt.nz/worksafe/about/reform/questions-and-answers>

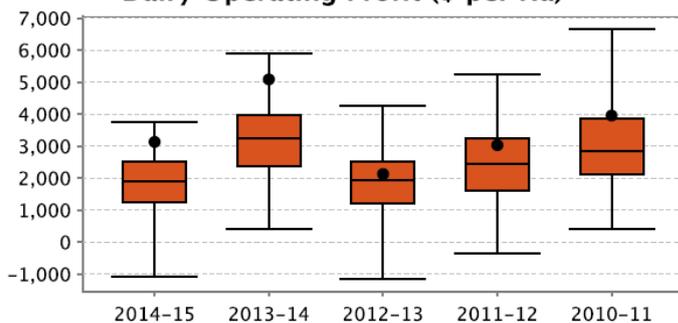
We offer assistance with Dairy Base

Are you making the best use of financial and physical resources to meet farm business and personal goals? Have you identified successful areas of the business and areas that are limiting potential?

DairyBase can analyse your farm from a physical and financial perspective, allowing the measurement of progress towards goals. With DairyBase you can look at past on-farm performance, identify trends and compare your business with other farms in the district, region or against the top 10% in the country.

Where does my business sit in the range?

Dairy Operating Profit (\$ per Ha)



(example of available data analysis)

Using this historic information, in conjunction with DairyBase's budget tool template, means 'what-if scenarios' can be created such as increases or decreases in milk price and fluctuations in input prices, giving you an indication of the resilience of your business to price shocks.

DairyBase links what has happened on the ground to how it has flowed on into the financial outputs of the business.

Information is kept securely and confidentially on a web-based industry platform that only nominated professionals can access.

Income Equalisation Support for Dairy Farmers

Normally income equalisation deposits are not available for refund until 12 months after the deposit is made. However Inland Revenue have discretion to allow early refunds, particularly in the case of "adverse events" or when the person is suffering serious hardship.

Inland Revenue have announced they will allow dairy farmers who are materially affected by the dairy price downturn and who are therefore suffering financial hardship to make early withdrawals in their 2015-16 or 2016-17 tax years.

Development West Coast Business & Industry Stimulus Fund

In light of the current economic challenges that have resulted in a reduction of employment opportunities on the West Coast, DWC Trustees have agreed to provide funding to the region as a financial stimulus.

The \$5m fund is to be applied to projects that stimulate business development and growth in the West Coast region. The fund also allows for incentives (by way of favourable interest rates and repayment terms) to encourage the promotion of employment opportunities. The main differences between this fund and DWC's "business as usual" funding include: the risk appetite Trustees wish to apply, enhanced streamlined application and due diligence process, and simplicity and flexibility in the distribution terms.

Free Hour of Budgeting and Planning Assistance

Earlier in the year F T Dooley Ltd registered with DairyNZ to provide one hour of free budgeting and planning assistance to variable order sharemilkers. **We would like to extend this offer to all of our Dairy Farming clients in need of further assistance at this time.**

Tax on Christmas Parties and Presents

Santa has decided to throw an end of year Christmas party. He hires out the local Curling clubrooms, provides plenty of Party Pies and Eggnog, and employs the services of the 'Poled Pipers' for entertainment.

The Reindeer are not interested in attending as Blitzen had a fall out with one of the elves during the last Bobsledding meet. However, Santa really wants to reward their hard work so decides to give them each a hamper of fresh fruit and vegetables along with tickets to Alaska's upcoming Folk Festival.

Now that Santa has finalised the plans he is wondering if he will be able to claim the costs in his GST and Income Tax returns?

Santa can claim 50% of all the party expenses for GST and Income tax purposes.

The Reindeer gifts are 100% deductible but may be subject to Fringe benefit tax if the tickets are open and the Reindeer are able to choose when they use them.



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