



We're Bloomin' Busy !!

We're all "heads down and bums up" here at the moment getting stuck into our busiest time of the year, so we've tried to keep things fairly "light" in this edition of The Abacus.

We've completed our Morrinsville office extension for Tony Brown's crew, there's an introduction to a new staff member, some comments on developments with both charitable and family trusts, topical tax issues, plus a few other things to watch out for.

Hopefully there's something of interest for everyone as we enjoy the Spring sunshine. Don't you just love this time of the year?

"I glanced out the window at the signs of Spring. The sky was almost blue, the trees were almost budding, the sun was almost bright"

Millard Kaufman

The Official Newsletter of **Diprose Miller Limited** Chartered Accountants
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EDITORIAL



As I write this column, the America's Cup is not yet New Zealand's Cup. Maybe it never will be, as this event seems to be run by the slipperiest people alive, far more slippery than accountants!

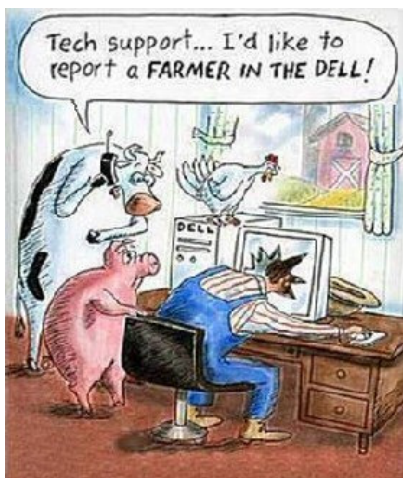
I was heading to Hastings with some friends on Saturday listening to the race commentary through the static. Just when we had the race wrapped up, someone produces a time issue. There is probably 15 hours of daylight up in San Francisco, but the race has to be over in 40 minutes. **Go figure!**

Anyway, as noted on the front page, we are busy, but not too busy for some of the staff to help Tony Brown shift office premises. Yes, Tony is now resident in the revamped and extended Morrinsville office. We are very pleased with the way things have gone, thanks to our landlords Victor and Frank Matijasevich and our builder Murray Semmens and his team.

We directors will catch up with many of you prior to Christmas as we endeavor to knock out much of our annual accounting work. I'd like to think we have most of our March balance date work under control and are focusing now on our May balance date clients.

We're keen to hear from our business clients with their comments on trading conditions for the current financial year to date.

The end of September heralds the half-way point of the 2014 trading year and it will be good to get an indication from you as to whether we are seeing the expected improvement in trading conditions. The GST reports give us turnover figures, but it's great to hear your thoughts on how things are going.



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EDITORIAL (continued)

Certainly house prices are on the rise, not only in Auckland, but also Tauranga and Hamilton. I would imagine these prices are fuelled by increased business activity.

On the farming scene I think August's weather was more settled than September. We have had a good deal of rain in the last couple of days and of course Canterbury took a hammering last week.

Southland appeared to escape the worst of these conditions. I was recently in Invercargill and things were looking pretty good. Payout is looking promising for this season so all we need now is reasonable weather through that summer period.

**That's enough from me
for now. Look forward to
catching up!**



Non-resident Settlers & Trustees

Clients with trusts need to be aware that there are potential tax issues when a settlor and/or trustee of a trust relocates overseas, i.e. is not a resident for New Zealand tax purposes.

These issues can affect the way the trust is taxed in NZ and may create a tax liability in the settlor/trustee's country of residence.

If a trust under your control has (or is about to have) a non-resident trustee or settlor, please contact us to discuss whether any action is required to prevent/minimise the associated tax consequences.



**"The secret to my success is that I bit off more than I
could chew and chewed as fast as I could"**

Paul Hogan

Get the advice that counts!

Nigel's Ninepence

NEW & IMPROVED !! Diprose Miller Ltd Morrinsville Office



While it's wet out back . . .

Working in a building site has been challenging for them, but they've got through it with their team spirit intact.

The big "moving day" was Friday 20 September and it was all hands on deck! Our roving reporter snapped these shots of the action.

Work on the extension to our Morrinsville office to accommodate Tony Brown and his team is now complete. The staff have been looking forward moving into their new premises after a few months of sharing facilities while the extension has been constructed.



. . . Nigel, Tony & staff get busy inside!

Mixed Use Assets

New rules for the income tax treatment of "mixed use assets" came into force from **April 2013** for land and buildings (typically **holiday homes**) and **April 2014** for **boats** and **aircraft** (incl. helicopters).



The rules apply when an asset is used for a **combination** of business and private use throughout the year. The asset must also have at least 62 days when it is **not** used and have a cost of at least \$50,000 (unless it is land and buildings). The new rules generally restrict the tax deductions for expenses relating to the asset, including interest on funds borrowed to fund the purchase.

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A Word from the New Boy....!

Tony Brown Gets Settled In

Our newest director, Tony Brown, gives his thoughts on the move from sole practitioner to a director of one of the larger provincial accountancy practices in the Waikato.

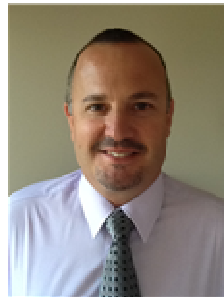
It's been an interesting and challenging journey for Tony over the last six months as he grapples with new systems, new premises and some new people while still looking after his valued clients.

It seems like it's been a long time coming, my "re-entry" into the Diprose Miller environment. Obviously the technology has changed, but the faces and personalities remain (mostly) the same. Behind the scenes, much has changed for myself and my staff but we have tried hard to minimise disruption to clients as best we can. Inevitably there have been changes to our processes that were unavoidable.

There have been times when we were a bit like Emirates Team NZ in Race 8 of the America's Cup and felt like we might nearly "capsize", but the patience and positive attitude of my staff has helped me with the transition. To them I give my sincere thanks for their efforts, as I do to our clients who have been understanding throughout this period as we have caught up with overdue work.

I've had comments from both clients and friends suggesting that, no longer being a sole practitioner, I might now be able to find time to "put my feet up" a little more.

This hasn't been the case in the first six months of the transition, however I believe that now is finally the time to delegate a little more and "work smarter, not harder".



I'm very much looking forward to the future now with the additional stability provided by a firm with such an excellent reputation, history and work ethic.

"I am extraordinarily patient, provided I get my own way in the end"

Margaret Thatcher

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Jeanette's Jems

Update on Charitable Trusts

Here's some important issues with the operation of charitable trusts that we'd like to share with you. Many clients are trustees for charitable trusts and need to be aware of the current developments.

Charitable Trusts are Big Business! At the time of writing there are **26,649** entities registered as charitable in NZ and around 50% of these are trusts. On average, that's about 1 charity for every 160 people (and this figure excludes charitable entities that are not registered!) and they receive around \$1 billion in donations every year.

New Administrative Body

From July 2012 the administration of registered charities has been the responsibility of the Department of Internal Affairs. The original Charities Commission has been "disestablished" as a cost-saving exercise. Its function remains the same.



New Financial Reporting Rules A new set of financial reporting rules are being developed to improve the way in which the financial performance and position of charities are reported in the public arena. There will be different levels of complexity required depending on the size of the trust. The new rules will apply from **April 2015**.

"The best way to find yourself is to lose yourself in the service of others"

Mahatma Gandhi

Nearly 4,000 Charities De-Registered! Since the inception of the Charities Register nearly 4,000 charities have been de-registered, mainly for non-filing of the required annual return, but also for not properly carrying out their stated charitable purpose.

Being Incorporated is Good! Charitable trusts should consider incorporating as a "trust board" to provide some liability protection for trustees and for administrative simplicity in the ownership of assets. Applications can be found at **www.societies.govt.nz**.

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Did You Know...??

Student Loans Out of Control!

There's been publicity lately for Student Loan defaulters living overseas who are not happy about tougher measures by the Government to bring their loan arrears under control.

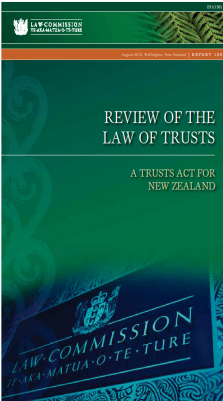
According to the Government, **82%** of the \$500,000,000 of Student Loan balances currently in default are with overseas borrowers. Probably a good reason to take firm action against those who are not playing by the rules!



"Tis against some mens principle to pay interest, and seems against others interest to pay the principle"

Benjamin Franklin

Changes for Trusts



The Law Commission has undertaken a major review of NZ trust law and earlier this month released a report on its findings and recommendations. These recommendations effectively provide the basis for new legislation to govern the operation of trusts that will replace the Trustee Act 1956.

Go to **www.lawcom.govt.nz** to view the report. You'll need to brace yourself, it's riveting reading (**NOT**) but is set to create a **major shake-up** in the way trustees are required to carry out their duties.

Trustees WATCH THIS SPACE !!

"Justice? You get justice in the next world, in this world you have the law"

William Gaddis

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Useful Stuff to Think About

IRD Numbers from Birth

Clients can now apply for IRD numbers for their children when they register the birth with the Department of Internal Affairs. It's as simple as ticking a box on the birth registration form to confirm that you wish to have an IRD number allocated.

Children must have IRD numbers for parents to register them for entitlement to receive Working for Families Tax Credits. If a child's birth has already been registered, you'll need to apply for a IRD number in the usual way (at NZ Post or the AA).



"If you want to see what children can do, you must stop giving them things"

Norman Douglas

Commercial Landlords Beware !!

The Government is proposing a significant change to the tax treatment of **lease inducement** payments. Currently, these are deductible (over the period of the lease) to the tenant but **non-taxable** to the landlord as a capital receipt.

The proposal would see the receipt of a lease inducement payment as **taxable income** for the landlord. If enacted, this change would likely apply from **April 2014**. We'll keep you posted!

Check Your ACC Invoices

We've seen a few examples of invoices issued from ACC to clients that need to be amended, either because the industry category is incorrect or the amount of liable earnings is not appropriate.



Although we aim to ensure that the information provided to the IRD (which is passed on to ACC for invoicing purposes) accurately reflects the client's circumstances, invoices can still be issued based on the wrong information. **Contact us** if you have any queries.

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Things to Remember

Fonterra Dividends — no GST, dude !!



Dividends on Fonterra Co-operative shares are now paid separately from Fonterra's milk proceeds. Farmers, be aware that there is **no GST** included in the dividend receipts. Some clients who prepare their own GST returns are returning a "GST component" of the dividend payment to the Inland Revenue when this is not appropriate.

Although we pick this up when preparing the annual financial statements, securing a refund of the overpaid GST can be time-consuming and doesn't help your cash flow!

NOTE for Sharemilkers: Dividend-related milk payments from a farm owner (direct or via Fonterra) still retain a GST component that must be returned to Inland Revenue. **Ask us** if you are not sure!

A policeman pulls over a farmer and asks "Sir , did you know your wife fell out of the car a few miles back?"

Farmer replies "Thank God, I thought I'd gone deaf!"

Farm Checks on Employee Rights

The Ministry of Business, Innovation and Employment's "Labour Inspectorate" is visiting farms in Southland to check compliance with minimum employment rights.

This is part of a long-term operation and the Inspectorate is focusing on **minimum wage rates** and **accurate time and cost records**. They are concerned that employees on salaries are not being paid the minimum wage and hold the view that "averaging out pay across the season, especially for those earning low salaries, is likely to breach the minimum wage rates set out in legislation".

Treatment of public holidays will also come under scrutiny and any breaches of minimum employment rights will be taken seriously. If you wish to review your employees' arrangements, please **contact our office**. We can provide advice on any potential problems.



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Staff Happenings

Now That's Local Knowledge!

Our social club organised a "local knowledge" quiz with a difference during August. Staff were asked to identify photos taken of objects in different rooms throughout our Te Aroha office building.



Sounded easy, but turned out not to be so, as scores were generally low. The photo shows the winner for the evening, **Gail Brown** (right) with runner-up **Jude Borrie**. **Keri Allen** came in third, but was a bit shy when Kelly's camera-phone was unleashed!

Local Talent Back in Te Aroha

A big welcome to the new man in Te Aroha, **Matt Ward**. Matt's a Te Aroha boy who has returned home after a few years working out of town. He's currently studying towards his accounting qualification and in his spare time enjoys following motorsport (he's a Ford man!)



Matt is part of Jeanette and Darren's team and will be preparing client GST returns and financial statements.

Strrrrrrike !!!

Our social club recently took an evening trip to the 10-pin bowling venue in Hamilton. Before gorging their bellies at Gengys buffet BBQ restaurant, our competitors battled it out on the lanes, with **Euan Lock** emerging triumphant, closely followed by **Nigel Pearce** and **Murray Whittaker** in 2nd and 3rd respectively.



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Staff Happenings

We're Back, Comrade !

Here's some thoughts from **Kelly Diprose** on his trip with wife Val to Eastern Europe.

The most interesting place to visit was St Petersburg. Highlights of the trip included getting inside the Kremlin in Moscow (bucket list) and the World Youth Track & Field Championships in Donetsk.

Outside the Kremlin



Atop the Arc de Triomphe



Feeling at home in MosCOW



They greatly enjoyed their trip, were pleasantly surprised at how clean the cities were and never felt unsafe.

Mooloos in Morrinsville

Diprose Miller Ltd supported the early-season rugby match in Morrinsville's Campbell Park, where Waikato successfully defended the Ranfurly Shield against a challenge from Horowhenua-Kapiti.

A number of staff took advantage of the opportunity to watch the game, enjoy the company of their colleagues and take a break from their desks at a very stressful time of the year.

Since then the Shield has "been around", with holidays in Otago, Hawkes Bay and Counties-Manukau!

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STAFF EXTENSION PHONE LIST

Te Aroha Office

| | | | |
|----------------------|-----|------------------|-----|
| Amanda Semmens | 821 | Judith Borrie | 804 |
| Angela Millward | 816 | Julie Luxton | 818 |
| Ann-Marie Sutherland | 807 | Keri Allen | 815 |
| Angela Young | 819 | Kerry Jacobs | 830 |
| Anthony Gray | 805 | Kylee Elgar | 839 |
| Barbara Jenkins | 862 | Lisa White | 809 |
| Deborah Young | 831 | Matt Ward | 895 |
| Diane Cooper | 899 | Megan Farac | 800 |
| Ellie O'Donoghue | 868 | Michelle Way | 858 |
| Eric Russell | 820 | Murray Whittaker | 829 |
| Erica Rigter | 823 | Nigel Pearce | 814 |
| Erin Morgan | 817 | Robyn de Boer | 827 |
| Euan Lock | 866 | Sandra Demler | 832 |
| Gail Brown | 802 | Sharon Coombe | 859 |
| Heather Neems | 0 | Wendy Gwynne | 803 |
| Joann O'Donoghue | 813 | Yvonne Avery | 856 |

Morrinsville Office

| | | | |
|------------------|-----|-----------------|-----|
| Jeremy Skedgwell | 706 | April Dornan | 707 |
| Kassie Thomas | 705 | Karen O'Connell | 708 |
| Lorena Jenkins | 703 | Nikki Brown | 709 |
| Sharon Lawson | 700 | Sandra Green | 710 |
| Tonya Whitten | 702 | | |

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