

Spring 2017

the abacus



"THE PERFECT SPRING"

READ ALL ABOUT IT !!

Diprose Miller Ltd best in NZ for Xero

A new Associate in Te Aroha

An invitation to a special event

A Director's family addition

A new face on the Morrinsville front desk

We all know that the Spring weather hasn't been enjoyable so far, but we've had lots of special things happening in the office that you can read about inside

"Officially it was almost Spring, but someone had forgotten to pass the news on to Winter."

Robert Harris

THE OFFICIAL NEWSLETTER OF

DM

DIPROSE MILLER
chartered accountants

Te Aroha 07 884 8055 Morrinsville 07 889 1018 W. www.diprosemiller.co.nz

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EDITORIAL



Mum told me Spring started on the 1st of September. If she was still around, we'd be having a long meaningful discussion about that!

Not only has it not stopped raining since about March, but I spent yesterday at the Te Aroha races and it was extremely cold.

Our thoughts are with all our farming clients, especially in these Northern regions that are struggling to feed their cows. It's perfectly understandable that farmers are not that interested in visiting their accountants at the moment!

"Wherever you go, no matter what the weather, always bring your own sunshine."

Anthony J d'Angelo

In other news, we wait with interest on the final outcome of the general election. Let's hope the negotiations are not too drawn out. It seems to me the economy is ticking along nicely.

Most sectors seem busy and profits are reasonable. Investment returns are still quite low with interest rates barely moving. It looks like things will stay that way in the medium term.

DON'T STOP WHEN YOU'RE
TIRED.
STOP WHEN YOU'RE
DONE.

Winners
are not people who
never fail,
but people who
never quit

From our perspective, you will see we have been working closely with Xero and our efforts have been recognised recently with a prestigious national award. It's been a challenging process, but we're very pleased with the benefits that have arisen to date.

We are expecting that the conversion of client accounting files to the Xero platform will lead to increased efficiency and better information for clients as time goes by.

We look forward to catching up with you as we continue to make progress with the preparation of 2017 financial statements.

Cheers, KB

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We're Number One !!

The Best in NZ !!

We're very proud and excited to announce that Diprose Miller Ltd was awarded the **Xero NZ Accounting Partner of the Year** award at the recent Xerocon event in Melbourne.

Our directors **Jeanette Clubb** and **Tony Brown** were there to receive the award in person, together with Tony's wife Nikki (also a staff member).



From left : Paul Churchman (Xero Account Manager), Nikki Brown, Rod Drury (Xero Founder & CEO), Jeanette, Tony & Craig Hudson (Xero NZ Manager)

This was a pretty big deal for us, fighting off competition from the “big four” and seeing the results of three years of hard work paying off. Our prominent position within the Xero “family” allows us to access resources that will ensure our directors and staff remain fully trained in the best practice for this market-leading software.

The rest of our directors and staff enjoyed an evening celebration in our Te Aroha boardroom the following week. This was attended by Paul Churchman and Oliver Smith (NZ Sales Director) from Xero who acknowledged the significant contribution made by our staff.

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The Inside Stories

Ed's Movin' Up!!

We're pleased to announce that Te Aroha staff member **Ed Wagstaff** has accepted a position as an **Associate** of Diprose Miller Ltd.

Ed's been with us for a couple of years now and has obviously picked things up pretty quickly. After spending some time as a senior accountant, he's now looking after a base of clients and is making good use of his extensive knowledge of Xero and Figured.



He's excited about the prospect of working more closely with clients and the opportunity to draw on the broad range of skills and experience held by his professional colleagues.

His strong audit background is a welcome addition to our increasing knowledge base that clients can use to their benefit. Ed's promotion was celebrated with a staff morning tea in early July.

Despite having a young family, Ed's taking time to get involved with the local community and has already made his mark as Treasurer of the Te Aroha Golf Club. We've no doubt he'll expand his range of local interests and continue the important Diprose Miller tradition of contributing to the Piako community.

Provisional Tax & UOMI Changes

From the start of the 2018 income year, Inland Revenue has introduced changes to the provisional tax system. While the standard payment dates are the same, there are two significant changes, both relating to the circumstances in which Use of Money Interest (UOMI) may be charged.

1. The threshold at which **companies** and **trusts** are automatically liable for UOMI charges increases from \$2,500 to **\$60,000**. This is the same level that now applies to individuals.
2. UOMI charges are now only applied from the due date of the **last** provisional tax instalment, provided that all instalments are paid on time.



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Interesting Developments

Work-Related Vehicle ?

Many clients find the rules around “work-related vehicles” confusing and do not properly understand the definition, so we’ve outlined the key points below.

- a. The term “work-related vehicle” applies to a vehicle provided to an employee or shareholder-employee.
- b. If a vehicle fits the definition of a “work-related vehicle” then the vehicle is 100% deductible with no FBT applying and no adjustment for private use.
- c. There are four conditions that have to be met for a vehicle to qualify as “work-related”.
 1. It must **not be a car** (a double-cab ute is not a car).
 2. It must be permanently and prominently **signwritten**.
 3. It must **not be available** for private use except “incidental” to business use.
 4. There must be regular **checks made** to ensure that employees are following these restrictions.

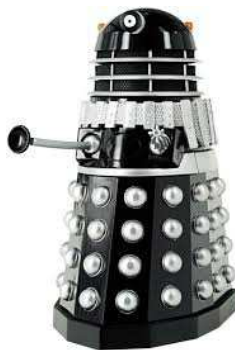
Travel from home to work is considered as private unless the home is also a genuine place of business. For companies in particular, vehicles and FBT are a fertile source of audit adjustments when the rules are not followed. Contact us for advice on your situation.

Have You Been De-Linked?

As we have indicated in previous editions, we are in the process of transferring the balance of our client accounting files to the Xero software platform. This also means that we need to transfer the IRD numbers for these clients to a separate Diprose Miller Ltd “Xero” Inland Revenue agency arrangement.

As a result, many clients will be sent letters direct from Inland Revenue advising that they have been “de-linked” from the old agency arrangement and “linked” to the new Xero arrangement. These letters can be discarded and no action is required by the client.

As a general rule, we appreciate clients advising us if they receive any unexpected correspondence from Inland Revenue, but in this case it simply confirms an agency change.



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Advice from Abacus

Ceased Employing?

For those employers who administer their own payroll, we are too often “the ambulance at the bottom of the cliff”. Many clients fail to contact Inland Revenue to advise that they are no longer employing. As a result, PAYE returns continue to be generated and in some cases Inland Revenue are imposing a \$250 non-filing penalty for returns not submitted. The correct process is outlined below.

1. Make contact with **Inland Revenue** once the final PAYE return has been processed and payment has been cleared to advise that you have ceased employing. This will officially end your obligation to file future returns.
2. Make contact with **ACC** to close your “Employer Account”. You will need to provide details of gross earnings since the start of the tax year (April) to the date that employer status ceased. This will result in a final assessment of ACC liability to the date of cessation.



Clients who are ceasing as employers can undertake this task themselves, or contact **Angela Millward** on **Ext 816** for assistance.

From Our Legal Exec Desk



Our qualified legal executive, **Michelle Way**, continues to provide updates on topical issues that we accountants are dealing with on a regular basis. She's enjoying helping us keep our clients on the right track.

The new Trusts Bill that Michelle mentioned in the last edition was introduced to Parliament in August, but is yet to have its first reading. Given the election results, it could be a while before the process continues and, once the bill becomes law, there is likely to be an 18-month delay until it comes into force. We'll be making good use of that time to review the administration of all client trusts for which we are the independent trustee, with a view to ensuring that we are prepared to comply with the requirements of the new Act.

During this review process we'll be making contact with clients to discuss changes required to current practices and documentation. In some cases, clients may need to decide whether the cost of compliance with the new legislation is worth the benefits provided by the trust structure.

**Old lawyers
never die,
they just
lose their
briefs**

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Things to Think About

The Best Show in Town?

It's fair to say that most of us were genuinely interested in the outcome of the recent general election. Would the New Zealand voters be interested enough in a change of government to give the current opposition a clear mandate to take over?



The answer to that question appears to be “NO” and we are wondering whether the NZ public is tiring of the concept of MMP. Once again, we are left with an uncertain outcome under which the final governing body will be determined by negotiations between the MPs (many of which were not personally elected by the people) rather than by the people themselves. Food for thought?

“No man means all he says, and yet very few say all they mean, for words are slippery and thought is viscous”

Thomas Jefferson

Help Us to Help You

The increasing number of items booked to Farmsource (and other rural providers) charge accounts is often proving a challenge for our accounting staff, particularly when the ever-expanding range of products and services offered by these providers and their affiliated retailers is considered.

Purchases through these accounts are not often personal in nature, but many clients are not supplying copies of the relevant invoices that will allow us to determine the full nature of the item purchased. We're committed to taking a tax position that can be defended on your behalf, so please don't be offended if we request further documentation to establish the appropriate income tax and GST treatment.



When processing these transactions, we try to remember that it's very easy for Inland Revenue to request this information directly from the supplier if they decide to review your business expenses.

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Keeping You Up to Date

Xero Training for You

We're continuing our popular series of training courses for Xero clients. These are designed to provide you with the tools you need to make the most of Xero's features.

27 October : Xero Invoicing

This session will teach you how to process invoices in Xero and provide useful tips to make your life easier. We'll also show you how to deal with a range of challenging transactions.

November : Update on Xero (date TBC)

In this session we'll have an update from our Xero Account Manager, Paul Churchman, on Xero's current position and upcoming improvements. You'll have the opportunity to ask questions of Paul and find out what exciting developments are planned.

TO REGISTER

Contact your advisor or email ejw@diprosemillers.co.nz

To err is human, and to blame it on
a computer is even more so

A Win for Figured



We're also excited about farming cloud software provider Figured being named as Xero **App Partner of the Year for Asia-Pacific** at the recent Xerocon event in Melbourne. Another big win for the NZ software industry!

Figured is fast becoming the industry standard for farm accounting and forecasting in New Zealand and overseas. We're working very closely with Figured and making extensive use of their product to assist with the preparation of farming financial statements.

Figured links automatically to the user's Xero accounting file to make variance reports quick and easy to generate. More features are being added to the software on a regular basis and more of our clients are choosing the full version of the product to use for farm forecasting and production tracking. There will soon be real-time benchmarking information available for users.

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Staff Happenings

Crikey, Another Skedgwell?



Morrinsville director **Jeremy Skedgwell** and his partner Christine welcomed their first child in September. Daughter Scarlett Rose was born on 3 September in Tauranga and weighed in at 7lb 13oz. That was Father's Day - what a great start!

Both mother and daughter are well. We're not so sure about Dad, but he's fronting up at the office on a regular basis, so things must be going okay!

"There are only two lasting bequests we can hope to give our children. One of these is roots, the other is wings"

Johann Wolfgang van Goethe

My kids are very optimistic. Every glass they leave sitting around the house is at least half full.

A "Super" Occasion

Te Aroha staff member **Eric Russell** recently celebrated his **65th** birthday. To recognise this occasion, he was presented with a cake at morning tea, together with a card signed by his hungry co-workers.

Eric tells us that the last time he remembers cutting a cake with his name and birthday written on it was when he turned 21.

Congratulations Eric, it's a great milestone to achieve!



"You can live to be a hundred if you give up all the things that make you want to live to be a hundred."

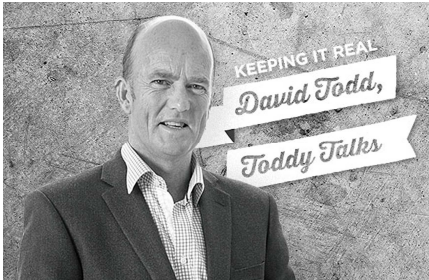
Woody Allen

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We Never Stop Learning

We'll Keep You Thinking!

We're very pleased to invite clients to our upcoming presentation by David Todd, to be held in November. His topic is **"Keeping It Real"** and he'll be talking about how to create a meaningful, happy life while focusing on making your business successful. This event will be held at the new Silver Fern Farms Events Centre in Te Aroha.



It's a great chance for us to offer something of value to the community and to showcase a local facility that is the result of so much hard work by so many. David's insights are worth hearing and apply to all business owners, farmers and non-farmers alike. Don't miss it!

Register for this event by phoning our office
or visiting our website

When I hear someone sigh, "Life is hard", I am always tempted to ask, "Compared to what?"

Sydney Harris

Keeping Good Company

The use of a company as a business structure is now more popular than ever. However, as a company is a separate legal entity from the shareholders there are a broad range of rules that specify the correct tax treatment of transactions between the company and its shareholders. Failure to follow these rules can be costly, and often the damage is done before we, as advisors, are aware that the transaction has taken place.

In particular, we'd like to make you aware of two important transactions that can create significant tax headaches if not dealt with according to these rules. One is a **CHANGE OF SHAREHOLDING**, the other is the **PAYMENT OF A SIGNIFICANT CASH AMOUNT** from the company to a shareholder(s). In both these situations, please let us know so that we can consider whether any action is required to safeguard the company's position.

A blue square containing a white crown icon at the top. Below the crown, the words 'KEEP CALM' are written in large, white, sans-serif capital letters. Underneath that, the word 'AND' is written in smaller, white, sans-serif capital letters. At the bottom, the words 'THINK AHEAD' are written in large, white, sans-serif capital letters.

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Staff Happenings

Jaime's Out the Front

We'd like you to meet our new Morrinsville receptionist, **Jaime Herbert**, who comes to us after a few years working in Western Australia for a mining company. Jaime's arrival creates another family connection within Diprose Miller Ltd, with her Mum Linda Harding looking after the tax returns for our Morrinsville office.

Born and raised in Paeroa, Jaime and her partner Te Rau were keen to bring their three children back to NZ where they could embrace their heritage and enjoy the rural lifestyle. They're all living in Hamilton where Te Rau works as a builder.

Jaime's a keen gym-goer and particularly enjoys the crossfit classes. We're guessing that the exercise helps her cope with the demands of a young family!



Back from the Big Trip

Te Aroha staff member **Angela Young** has recently returned from an extended European OE with husband Craig. They spent most of their time in the UK, but also had a look around Germany where they stayed with an AFS student they had hosted in NZ. Travelling from the top to the bottom of the UK, they visited Stonehenge, Bath, Buckingham Palace, Salisbury, the Isle of Skye and Land's End.

Highlights of the trip were the Edinburgh Tattoo (now off the bucket list), eating haggis (yum) and catching up with ex-workmate Lorraine Webb. They had high tea at Harrods, cycled around Aran Island, swum in Lake Constance, visited the Titanic Museum and stood in both Germany and Switzerland at the same time!



For their next trip, New York and Canada is looking good.

Oh, and it's a **big thanks** to director Jeanette for giving her the time off!

Check out our Facebook page



Our staff have enjoyed the company of tuis, wood pigeons and bluebells in the trees around the office over the last few weeks. It's helped take their minds off the uncooperative weather!



STAFF EXTENSION PHONE LIST



**TOLL FREE
0800 888 055**

Te Aroha

(07) 884 8055

Angela Millward	816	Eric Russell	820	Leanne Judkins	837
Angela Young	819	Erica Rigter	823	Lyn Miller	0
Anthony Gray	805	Erin Morgan	817	Megan Farac	800
Barbara Jenkins	862	Gail Brown	802	Michelle Way	858
Beverley David	832	Grant Glover	895	Murray Whittaker	829
Chelsea Grace	814	Joann O'Donoghue	813	Robyn Stewart	827
Damien Waitai	865	Judith Borrie	804	Sharon Coombe	859
Deborah Young	831	Kathy Reily	866	Steven Eccles	835
Diane Cooper	899	Keri Allen	815	Wendy Gwynne	803
Ed Wagstaff	864	Kerry Jacobs	830	Yvonne Avery	856
Ellie O'Donoghue	868	Kylee Elgar	839		

Morrinsville

(07) 889 1018

Andrew Pullon	731	Jaime Herbert	700	Linda Harding	722
Ann-Marie Sutherland	728	Jennie Cushen	736	Nikki Brown	709
Dan Howard	733	Jo Walton	708	Sandra Green	710
Deena Hobbs	703	Joy Craig	727	Sasha Belskaya	714
Etana Zaguri	730	Kassie Thomas	705	Sharon Lawson	729
Harjot Singh	724	Kayla Jeffrey	723	Tonya Whitten	702