

the abacus

Summer 2017

Here at Last !!
(by popular demand)



Season's Greetings

Our directors and staff wish everyone a safe and happy festive season in the company of family, friends and plenty of glorious summer nights. To our clients, we greatly appreciate your ongoing support and have enjoyed working with you over the last year. 2018 is bound to present challenges for your businesses, but we'll do our best to keep you informed and up to date.

**"The Summer night was settling upon the
neighbourhood like a dark lace veil,
casting dappled shadows on the
sidewalks and lawns."**

Victoria Kahler

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



Firstly, compliments of the festive season to you all. The holiday period is looming and, like myself, most of you will have set targets for what you want to get done before the big red man arrives.

The run-up to Christmas is always marked by a number of wind-down functions that you feel obliged to attend. My preference is to work as efficiently as I can up until Christmas so that the final part of the accounting year is not as hectic.



The calendar year we are about to complete has been an interesting one, with a change in government and some extreme weather conditions around the country. I can't think of too many people that won't have been (or aren't about to be) affected by at least one of these changes.

I don't know that I've noticed too much change with the new government, but it's early days and there are plenty of signs that the next couple of years will see some interesting social policies put in place. Christmas is a very important time of year for our retail sector and I see nothing out there that will diminish the highly valued "Christmas spend".



Interest rates remain low and, while this is challenging for investors, it is all good news for those with mortgages. The weather extremes of too much rain, and now not enough, give food for thought for our farming community, but that's certainly nothing new for this time of the year.

When the decision was made earlier this year to move our entire client base to the Xero software platform it was always going to present some challenges for our staff. I'd like to personally thank them for their efforts in recent months. Those clients that we prepare GST returns for will have noticed a change in the cash flow reports that we issue with our GST reports, reflecting the Xero layout.

Stay safe, have fun, rest up, enjoy time with family and friends and we'll see you on the other side of the New Year.

Cheers, KB

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Not to be Missed !!

Meet David Todd

Originally from a sheep and cattle farming background, David (better known as “Toddy”) completed a B Com at Lincoln and has an extensive career in Rural Banking. Based in Hawkes Bay, he now owns and lives on an orchard and has been a professional presenter since 1991.

His style is both entertaining and thought-provoking. He left banking and established “Toddy Talks” in 2011 and has spoken throughout NZ, in Australia and in Bangkok, Thailand for many organisations including DairyNZ, Beef & Lamb NZ, Landcorp, RuralCo, SIDE, Silver Fern Farms, Kelso and The Cardrona Distillery. He also does project work and is a facilitator for the Rural Support Trust.

Thursday 15 March 2018 | Te Aroha Events Centre



His presentation will focus on Authenticity, Simplicity and Relevance. His aim is to help you think about what really matters, how you can “de-clutter” your life and focus on doing things that count, whether this be in your personal or professional life.

You can rest assured that you will be able to relate to what he has to say. In his own words, “I’m not famous, I’ve never been an All Black or climbed Mount Everest, so you can’t look at me and think I’m never going to do what he did!”.

Here’s one view of Toddy’s recent presentation

I initially thought “Oh no - a motivational speaker!”. I can’t tell you enough how helpful and relevant your talk was, it’s not often that I find many speakers inspiring but what you had to say resonated with me quite profoundly and I sincerely wanted to thank you for the tips and for sharing the “A.B.C.R” with me.

We encourage you to check out his website
www.toddytalks.com
and view his testimonials and videos..

Keep an eye out for our notices in the New Year and contact us on
mail@diprosemiller.co.nz to secure your seat.

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The Inside Stories

Doing Our Bit for Community Sport

We're excited about sponsoring the combined Morrinsville-Te Aroha senior cricket team by providing uniforms for the next three seasons.

The photo shows captain Jatinder Singh and Diprose Miller director Nigel McWilliam holding the team's new shirt.

We'll be watching their progress with interest this season!



Watch for those Email Scams

Over the last year our staff and clients have seen plenty of scam emails coming through from sources pretending to be organisations such as **Inland Revenue**, **Xero** and most of the **trading banks**. Please be on the alert for these and remember that you should not be receiving any legitimate emails directly from any of these sources that have reference to particular amounts of money. Check with us if you are not sure whether an email is genuine.

**"Christmas isn't a season,
it's a feeling"**

Edna Ferber

From Our Legal Exec Desk



Our qualified legal executive, **Michelle Way**, continues her regular column with a few interesting observations after reviewing the Earthquake Commission's 2016-17 annual report.

The Commission responded to a number of events during the 2016-17 year. The 2016 Kaikoura earthquake was the third-largest in its history, with **40,000** new claims being lodged. By the end of October, 65% of building claims, 92% of contents claims and 93% of land claims had been settled. The Edgecumbe flood was another significant event, with 144 properties cleared of silt and debris. The Commission commented that there is no "one size fits all" approach to responding to a natural disaster.

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Interesting Developments

Making the Top 30

We're very excited to announce that Diprose Miller Ltd has made it into the Sunday Star Times list of Top 30 NZ Accounting Firms, debuting at number 15. It's an acknowledgement of the efforts our directors and staff have made over the last few years to provide an ever-improving range and quality of services to our clients.

Anyone Feeling Poorer?

Average annual NZ household income has increased by 40% in the last 10 years. The average housing cost (rent, mortgages, rates & insurance) has increased by 50% over the same period. The rate of inflation for the period was 20%.

A Timely Reminder

With the Summer holidays upon us, it's a good time to remind clients about the current rules for holiday homes that are rented out. The key points are listed below.



1. Rental income from associated persons is **not** taxable. Income from non-associated persons is only taxable if charged at 80% or more of market value.
2. Direct costs of renting (e.g. advertising) are 100% deductible, but expenses such as rates, insurance, general maintenance and interest must be apportioned between business and private.
3. Any period where the home is **available** but not used can no longer be treated as business use.

Please contact us for advice on your specific circumstances.

Let's be naughty and save Santa the trip

PAYE Filing to Change ?

The new government has plans to change the current PAYE filing frequency (from monthly) to coincide with the employer's pay period (weekly, fortnightly, etc). We're guessing that this is prompted by the ability for most employers to file returns directly from their payroll software. We understand that there will still be one payment of PAYE each month.



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Advice from Abacus

Employers Look Out !!

The expectation in the employment sector is that the new Labour-led government will make major changes to current employment legislation. We've listed below some anticipated changes that will directly affect our clients.

1. The **minimum wage** will see a significant increase.
2. The **90-day trial period** provisions will be tightened to such an extent that this option will become untenable for employers.
3. Reduced immigration numbers will result in a tightening of the labour market.
4. Enhanced statutory leave entitlements, including increasing the annual sick leave allowance.



None of these changes will make life easier for employers, but we'll keep you posted so that you can avoid costly non-compliance.

As a kid I believed in Santa Claus. Unfortunately, so did my parents, so I never got anything.

Charlie Viracola

Timesheet App Coming

Through our ongoing association with local software company Anago our clients will soon be able to access a recently-developed cloud-based timesheet app. This product will be useful for employers to monitor the work activities of their employees for a number of purposes, but the data from the app can be fed into the employer's payroll system. It's still at trial stage and is expected to be available for use at the start of the 2019 tax year on 1 April 2018.

Xmas & New Year Stat Days

It's much easier for employers to work out statutory holiday pay for employees this festive season. With no public holidays falling on a Saturday or Sunday, there are no special "rules" to keep in mind.

However, Abacus manager **Angela Millward** is happy to hear from clients who have queries about payroll arrangements over the next few weeks. She can be contacted on **Ext 816**.

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Things to Think About

Sale of Gold Bullion

Ah, a good Christmas present question! We've been asked by a few clients whether the sale of gold bullion would be taxable. They've purchased gold bullion as part of a savings plan and are holding it to sell at a (hopefully) increased value at a later date.



No income arises from the holding of the bullion, but on sale the actual gain from the investment is taxable. Inland Revenue's view is that the dominant purpose for the purchase was the eventual disposal for a profit. There may be rare situations where this is not the case, but the onus is on the taxpayer to prove this. The same rule applies to other rare metals.

We've worked out that Santa's sleigh needs to move at around 650 miles per second to visit every home in the world. That's 3,000 times the speed of sound.

Be Careful with Those Tax Payments

Many of our clients now pay their income tax and GST via internet banking. It's a great option that saves postage and ensures that payment is received on time.

However, a reasonable number of clients are accidentally selecting the wrong tax type or period for their payments. Although it can be fixed, the inconvenience for the client (and often us) can be easily avoided by taking more care when setting up the payment.



Inland Revenue can (with your approval, of course) arrange a **direct debit** that will automatically deduct the correct amount on the due date and apply this to the correct tax type and period. Doesn't sound that appealing, but this option is proving surprisingly popular!

A couple drove down a country road for several miles, not saying a word. An earlier discussion had led to an argument and neither of them wanted to concede their position.

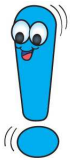
As they passed a barnyard of mules, goats and pigs, the husband asked sarcastically, "Relatives of yours?".
"Yes", the wife replied, "in-laws".

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Keeping You Up to Date

GST for Overseas Customers ?

An increasing number of clients are doing business with overseas customers and we have received a number of queries asking whether GST should be charged.



1. If services are performed under contract to a non-resident who lives outside New Zealand, but provided to a third party in New Zealand, GST must be charged at the standard rate of 15%.
2. Services provided to a non-resident and delivered outside of New Zealand are zero-rated and not subject to GST.

If a train station is where the train stops, and a bus station is where the bus stops, what is a work station?

The Fight Against Dirty Money

There is a strong global movement underway, driven by the US, to reduce the level of money-laundering and we're starting to feel the effects here in New Zealand. New legislation is in place that uses our banks to collect information to assist the government to comply with international agreements.

The impact of this change can be seen in the new level of disclosure required when setting up a bank account in New Zealand. In particular, where non-individual accounts are opened the bank will require personal information on all individuals that have any control over, or beneficial interest in, the entity applying for the account.



This initiative is reinforced by new agreements between countries to share information about bank accounts and their owners.

This Christmas, instead of gifts, I've decided to give everyone my opinion

Wi-Fi Available

A reminder to clients that you are welcome to make use of the ultra-fast broadband facility that is available in both our Te Aroha and Morrinsville offices.

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Staff Happenings

A Busy Boy

Our Morrinsville office warmly welcomes new staff member **Michael Hollier**. A Matamata boy, Michael will be working with us part-time, with plans to become full-time when he completes his Bachelor of Management Studies degree at Waikato University.



He's spent some time living and working in Canada before returning to NZ to work as a vinyl and carpet layer before starting his studies. His fellow staff members have already pegged him as a useful addition to their touch rugby team as he plays rugby for the University U85 team. We're told that he is also involved with coaching and managing the team!

When you stop believing in Santa, you get underwear

Diane Does New York

Te Aroha staff member **Diane Cooper** had the experience of a lifetime in November when she competed in (and completed) the New York marathon as a walker, together with 52,000 other entrants.



She logged a time of 6 hrs 30 mins, which was bang-on the target she had set for herself. Travelling with a tour group, other highlights of her trip included a night-time helicopter flight over New York and sampling the Big Apple's plentiful shopping opportunities.



As a bonus, here at the office we were tracking her progress in real-time via an app that was talking to a transmitter she was carrying during the event. You can't go anywhere without the boss watching!

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We Never Stop Learning

Hit the Ground Running !

We're excited to announce a workshop for new business owners, both those who are starting up a business and those buying their first business. The workshop will provide valuable tools to avoid common mistakes that we frequently see new business owners make, and where to find help to make the business successful.



The workshop will be based around a group session with a panel of experienced accountants, solicitors, bankers and insurance brokers. We'll cover all the important questions you need to ask before opening your doors for business.

The workshop will be held on **Tuesday 20 February 2018** at the Silver Ferns Events Centre in Te Aroha. This is no charge for the session and a light lunch will be provided, together with the opportunity to talk one-on-one with the panel members..

Watch for our invitation in early 2018

"In the business world, the rearview mirror is always clearer than the windshield"

Warren Buffett

Handy Hints from Xero

The team at Xero have an ongoing challenge to make sure that the integrity of client data is not compromised. They're happy to provide some hints to help you stay safe in the cloud.

1. Use strong, unique and separate passwords for every login
2. Use two-step authentication where possible
3. Update anti-virus & anti-spyware software on a regular basis
4. Keep all of your software up to date with security patches
5. Make sure your data is backed up regularly & keep the backup(s) in a separate location



Xero provides a two-step authentication option which uses an app installed on your device to provide additional security when logging in to your Xero file.

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Staff Happenings

Sue's a Local Addition

Born and bred in Morrinsville, **Sue Brownlie** joins our Morrinsville office with 28 years experience working in accounting firms. She is a big Xero advocate and enjoys developing working relationships with clients. Sue has an existing connection with our firm, as her husband Brett has looked after the technical side of our office communication systems for many years.



They have two teenage children that keep them busy, but Sue also enjoys reading, crossword puzzles, social sports and spending time with family and friends.

Sue's been actively involved with school committees over the years and currently organises and manages the annual Morrinsville College Fun Run event

**"Christmas is for everyone, adults and children alike.
Allow the season to fill your heart, and let go of the
things you dislike"**

Julie Herbert

Going the Extra 50km

Te Aroha director **Darren Diprose** recently completed the 50km Tarawera Trail Run in Rotorua.

We're told that he did this without any special training beforehand, so it's a great effort from him. And not to forget wife Megan, who completed the event with him.

Despite this, we're a bit suspicious about the cup of tea and hot scones with jam that he was able to enjoy at the 35km mark!



Te Aroha staff members **Megan Farac** (23 km) and **Lyn Miller** (16 km) also completed shorter versions of the same event, with Lyn being joined by ex-staff member Heather Neems.

Thanks for your support in 2017 . . .



*Merry
Christmas*

**HAPPY
NEW YEAR**



We'll see you in 2018 !!