

BUSINESS UPDATE

Autumn 2014

Risk and Reward

Superannuation: decisions, decisions

If you have (or had) funds in foreign superannuation schemes, let us know. Recent changes to legislation and further impending changes may affect you.

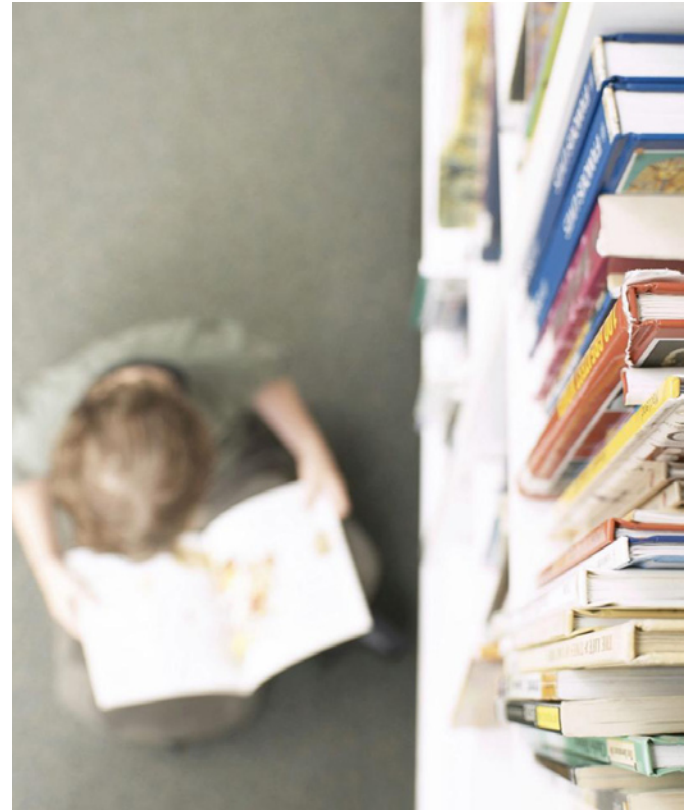
I transferred my Australian super to KiwiSaver. Is it taxed here?

Transfers from complying superannuation funds in Australia into KiwiSaver won't be taxed in New Zealand on transfer. However, future earnings on these transfer funds will be taxed as normal KiwiSaver investments. This isn't the case with transfers from other countries - there are New Zealand tax implications on transfers in these cases. However, under the new rules, if you transfer your non-Australian foreign superannuation into KiwiSaver after 1 April 2014, you will be allowed to make a withdrawal from KiwiSaver to pay your tax bill.

I withdrew (or transferred) funds from my foreign super last year. What are the tax implications in New Zealand?

If you withdrew or transferred funds any time between 1 January 2000 and 31 March 2014, and have not previously accounted for New Zealand tax on these funds, you will be able to meet your tax obligations by paying tax on 15% of the amount transferred or withdrawn. The remaining 85% of that sum will not attract income tax. However, it has to be shown in the tax return for either the 2013-14 or 2014-15 income years.

For a limited period of time only, you can choose to calculate your tax liability using this concessionary 15% rate option without penalties or interest, or under existing law (which may involve imposition of penalties and interest). Talk to us to work through the options that are best for your situation.



I'm confused. I've been declaring my foreign super under the FIF rules. What happens now?

The current foreign investment fund rules will no longer apply to foreign superannuation schemes from the proposed date of 1 April 2014. However, if you previously declared your foreign superannuation and used the foreign investment fund (FIF) income rules prior to 20 May 2013, you may choose to keep using them in relation to your foreign superannuation interest after 1 April 2014 under the 'grandparenting' provisions.

Anything else?

Don't forget also, superannuation is counted as adjusted taxable income when calculating income for child support, family income for Working for Families tax credits, and parental income for student allowances.

Tax Talk

and the good news is... ACC

Workers and employers will pay \$387 million less in ACC levies in 2014/15 (subject to the regulation being passed). The cuts affect the Earners Account (paid by workers) and the Work Account (paid by employers).

	Work Account Average levy (per \$100 of liable earnings, ex GST)	Earners' Account levy (per \$100 of liable earnings, ex GST)
2014/15	\$0.95	\$1.26
2013/14	\$1.15	\$1.48

The Health and Safety in Employment (HSE) Levy is changing to a flat rate of \$0.08 per \$100 liable earnings. Look for more news on this later in the year.

Motor Vehicle Account levies, incorporated into car registration and petrol prices, will remain the same. The Government expects to introduce cuts for motor vehicle owners from 1 July 2015.

In other news, there have been some minor changes to classification unit codes, affecting second-hand booksellers and people working in digital effects industries.

Are you managing ACC on your own? We could help you with that, with our ACC Administration and Advisory service. Talk to us about how the service might save you time and money.

Working for Families

The minimum family tax credit threshold will increase from an after-tax income of \$22,724 to \$22,776 from 1 April 2014.

Student loans and allowances

The government continues to tighten up access to assistance for students as well as extending their reach for repayments.

Limits on access

If you are starting study after 1 January 2014, there is now a residency requirement of three years (previously two years) before you are eligible for a Student Loan which applies to those who are not New Zealand citizens, refugees, or protected persons. Age limits apply for Student Allowances. The amount of assistance people over 40 are eligible for is limited to 120 weeks and students aged 65 or over are no longer eligible for a Student Allowance for study starting after 1 January 2014.

Repayment obligations – don't be late

If you defaulted on your student loan repayments while living overseas, but returned to New Zealand, Inland Revenue can now request an arrest warrant if you are about to leave New Zealand. Inland Revenue and the Department of Internal Affairs now have an information sharing agreement allowing them to share contact details for overseas-based student loan defaulters when they renew or apply for their passport. Inland Revenue will be able to contact individuals to discuss their outstanding arrears.

Coming together is a beginning; keeping together is progress; working together is success. Henry Ford

Mixed use asset rules now apply to boats and planes

We've talked a lot about mixed use assets over the last six months so we'll keep it short. From 1 April 2014 the mixed use assets rules apply to boats and aircraft. This means you now need to keep similar records as for holiday homes.

If you use the asset for private use and for earning income, if it's also unused for 62 days, if it had a cost or market value of \$50,000 or more when you bought it, you need to record:

- The amount of time it was used and who used it (number of days, flying or cruising hours)
- The amounts received
- Expenses related to making it available for hire as well as expenses in generally maintaining it

If you make a loss and if your gross income from the asset is less than 2% of its value, you may not be able to claim the loss straightaway. Instead, you'll have to 'quarantine' the excess expenditure and carry it forward to a future tax year to offset against future profits from the asset.

GST input tax deductions are calculated in a similar way to how you calculate expenses allowed as a deduction. If you sell the asset partway through the year, the calculations relating to income, expenditure, apportionment and quarantining can change.

If you'd like a rundown on how this applies in your case, or some tips on easy ways to keep track of it all, please contact us.

End of year checklist

As usual, when the end of the financial year is approaching, it's a good idea to make sure everything's in good order. Take a look at:

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| <input type="checkbox"/> How much stock you are carrying at the end of the year. Dispose of any obsolete lines or write the stock down to its net realisable value. | <input type="checkbox"/> Your discount reserve, if you discount for prompt payment. After the first year, the allowable deduction is based on the percentage level established initially. |
| <input type="checkbox"/> Planned dividend payments and the company's imputation credit account balance. | <input type="checkbox"/> Credit notes issued to customers following balance date that apply to income earned this year. |
| <input type="checkbox"/> Debtors: if you have taken reasonable steps to recover a debt, you may be able to write it off and claim a deduction. | <input type="checkbox"/> Retentions owing: they are taxable this year if you receive them by 31 March. |
| <input type="checkbox"/> Fixed assets: can any be written off? | <input type="checkbox"/> Make sure loss offset or subvention elections are filed with IRD on or before 31 March. |
| <input type="checkbox"/> Amounts owed to employees such as holiday pay, bonuses, long service leave, redundancy payments. They can be claimed for in this year if paid within 63 days of balance date. | <input type="checkbox"/> Can you prepay any of your expenses to claim a deduction? Not sure what kinds of prepayments are deductible? Ask us. |
| <input type="checkbox"/> Significant maintenance or repairs undertaken before end of year may be eligible for an early tax deduction. Check if you're not sure where expenditure on an asset is deductible as repairs or maintenance or if it should be capitalised. | |

Call us if you'd like a quick heads-up on what to look for in the detail or options for how to treat any of the above.

Innovation is the ability to convert ideas into invoices. L. Duncan

eXPired technology?

Taking your business online? Look at whether your current setup will let you keep up with the change.

For instance, if you're still running XP, be aware that Microsoft will no longer support Windows XP and Office 2003 from this year.

From April, if you use Windows XP, you won't receive technical support for it. This means no new security updates, or non-security hotfixes. No support and no online technical content updates.

Until July 14 2015, Microsoft will continue to offer Windows XP users its malware scrubbing program (MSRT). However, your system will become more vulnerable to security risks and viruses.

Over time you'll encounter more applications and devices are incompatible as software and hardware manufacturers upgrade their products.

You're already onto this ... right? But call us if you'd like to talk through how your computer system interacts with your accounting system or other business processes.



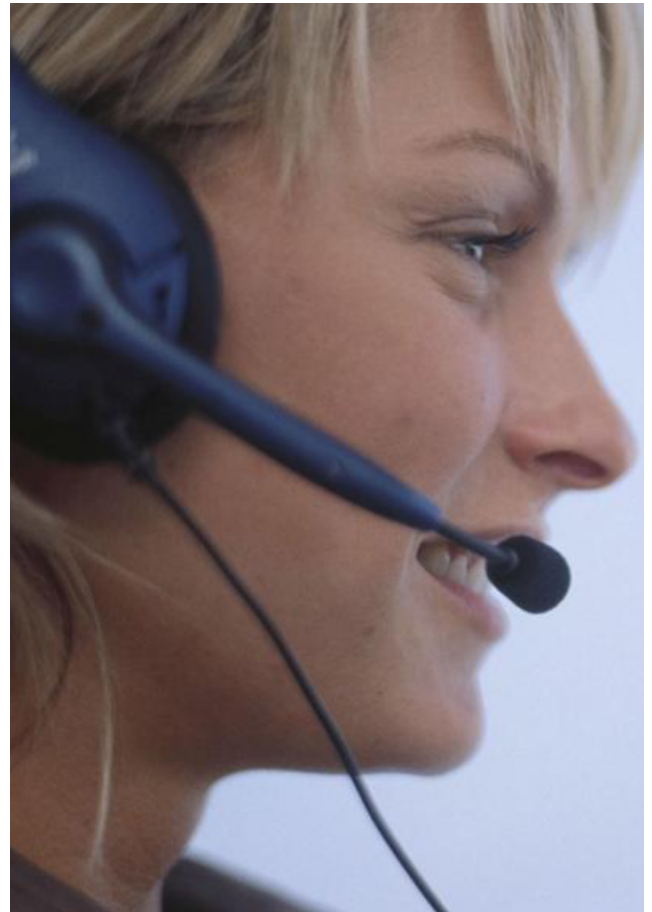
BUSINESS SATELLITE

Customer experience: what's your first impression?

We've all heard it: first impressions count. But what does it mean for your business? What do new customers notice about your business that will persuade them to return? And tell their friends?

First impressions are powerful. They can lead to strong relationships with customers who keep coming back. They position people to think your business is great and make them want to be proved right. It's not easy to overcome a bad first impression; it can be done but your business has to work twice as hard. Analyse customer experience with your team and brainstorm how to make it even better. Build on the list below to analyse all your first points of contact with customers.

Every touch point is important - it might only be something small today but it could be big tomorrow. If a first time contact has an OK experience, that's good, but an AMAZING experience will prompt them to come back and to tell their friends. Sure, you have to deliver on quality and service, but a great first impression makes it so much more likely that you'll be asked to.



What is customer experience from the first...

call?	view online?	visit to your office?	time in the showroom?
✓ answered quickly	✓ value proposition easy to understand, typo-free	✓ greeted straightaway	✓ looks good, feels better
✓ friendly and eager to help, (smile when you pick up the phone, it really works)	✓ easy to navigate and to order your products or services	✓ friendly, welcoming, professional, attractive premises	✓ team presence is just right (not all over the visitor or ignoring them)
✓ quickly through to the right person, or	✓ easy to contact you with queries or feedback	✓ the team is amazing, keen to work with the customer	✓ staff know the product, but listen to what the customer needs
✓ accurate message taken, no problem' attitude speedy callback	✓ not too many clicks or too much scrolling required. No annoying pop-ups	✓ if asked to wait, they a made comfortable offered refreshment	✓ shop floor is well organised, good signage, good-looking displays

Disclaimer:

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.

“Helping you master the business of business”



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