

# UHY HAINES NORTON NEWSLETTER

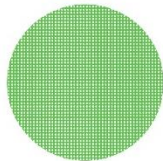
*Welcome to our first newsletter for 2017.  
This issue contains articles on:*



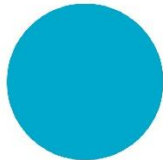
**Tim Livingstone Retires as  
Director, Congratulations to New  
Director Andrew Scott**



**Home Sweet LTC**



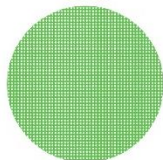
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**February /  
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## Tim Livingstone Retires as Director - Congratulations to New Director Andrew Scott

This month marks the official retirement of **Tim Livingstone** as Director at UHY Haines Norton.

Tim joined the practice in 1983, when it consisted of three Partners and six staff based in one Henderson office. He has been a Director for over 30 years, including 10 years as Managing Director, and was instrumental in growing the firm into the prominent Chartered Accounting practice that it is today.

Tim has an unparalleled capacity to help his clients succeed, and his many close friendships with colleagues and clients built on mutual respect is a true testament to his character.



Tim is passionate about consultancy work, and stepping down from the day-to-day responsibilities for accounting and tax work will free him up to pursue more consultancy assignments going forward. We are delighted that he will continue to be involved at UHY on this consultancy basis, and to provide assistance on client matters wherever necessary.

"UHY has been a huge part of my life for the past 33 years," says Tim. "The highlights have always been servicing such a varied and interesting client base, who have continued to challenge and stimulate me throughout my career.

"It is with great pride that I have been part of the successes that many clients have achieved during these years. I will continue to support the team in looking after UHY's most valuable asset – the client."

We are excited to announce that we are appointing a new Director, **Andrew Scott**, who joined the firm as an Associate in 2015. Andrew is an extremely talented Chartered Accountant with over 15 years' experience working with clients across a broad range of industries. He enjoys developing close working relationships with his clients, taking the time to understand their business needs to help them achieve their business and personal goals. Andrew's inherent astuteness and ability to go the extra mile for clients is second-to-none, and we are delighted that he is stepping into the role of Director and taking over Tim's client base.

"It's a pleasure for me to hand over the reins to Andrew," says Tim, "who has already proved himself to be a very talented all-rounder with skills and experience beyond his years – combined with the drive and enthusiasm of a younger person. Andrew is also very comfortable with modern technology and trends that are shaping all of our businesses today".

"I'm looking forward to continuing to be a part of the UHY team for the next few years, and supporting Andrew with the transition of my client base."





"I've been extremely fortunate to have worked with Tim since joining UHY Haines Norton," says Andrew. "He is very generous with his time and has made every effort to impart years of knowledge onto me. I'm really looking forward to taking the reins and carrying on the tradition of timely, reliable advice and delivering the quality of service that Tim's clients have come to expect."



Andrew is a West Auckland native, having lived in Ranui and Henderson all of his life. "West Auckland runs through my veins," Andrew says, "it is very much a part of who I am and I'm excited to be able to live, work and enjoy everything it has to offer."

Andrew studied a Bachelor of Business Degree at the Auckland University of Technology, and was admitted as a member of the New Zealand Institute of Chartered Accountants in 2004. He gained 10 years' of invaluable experience working for one of New Zealand's largest mid-tier accountancy and advisory firms based in Central Auckland before fine-tuning his skills for another five years at a smaller boutique accounting firm on the city fringe. "I've been fortunate throughout my career to have worked with great people and great clients. One of the things I love about my job is meeting new people, talking to them about their passion for business and in life, and being able to support or assist them in turning their dreams into reality."

Having been a member in his youth, Andrew is now Treasurer for the Waitakere City Athletic Club Inc., and is an active member of the Trust Management Committee for the Waitakere City Rugby & Athletic Trust. As well as enjoying spending time with his wife Talia and young children Sophie and Ryan, he has a keen interest in triathlons and can often be found running or cycling through the Waitakere Ranges.



## Home Sweet LTC

UHY Haines Norton's Managing Director [Grant Brownlee](#) explains how property purchasers can benefit from the right property structuring techniques.

It was suggested to me recently by one of my clients that I share this little story as it may be of assistance to other clients.



My client had been trying for some time to sell a unique coastal house on the outer edge of Auckland. It is an absolutely stunning property. Many people that saw it for the first time fell in love with it. Some of them made offers and a couple of them were accepted, however, the deals fell through as they were conditional upon the purchasers selling their own homes and in both cases their homes failed to sell.

During one of our regular catch up phone conversations, my client mentioned that he had a new customer keen to buy. My client had signed a sale contract with a buyer, but again it was subject to the buyer selling their own home. The buyer needed to do repairs to their own home before they could market it for sale and time was running out. They had called my client concerned that they would not be able to sell their home in time. They were unwilling to obtain bridging finance.

The purchasers owned their home freehold, so if they sold it and added their savings they had enough cash to buy my client's property. I suggested to my client that the purchasers might like to consider keeping their old home as a rental property using a structuring technique that involves selling it to a "Look Through Company". I laid out the plan for my client and suggested to my client that if the purchaser was interested in the idea they discuss the plan with an independent accounting firm as I could not advise them directly due to a conflict of interest. So they took independent advice and as a consequence they went ahead with the plan and were able to complete the purchase of my client's property. Everyone was happy.

So what was the plan? Here is an extract from the email I sent to my client after our phone conversation:

*"... a common structure for people who want to move out of their family home, turn it into a rental property and upgrade to a new home is as follows:*

1. *Form a Look Through Company, with shareholders being Mr and Mrs.*
2. *Sell the old family home to the Look Through Company.*
3. *Make the Look Through Company borrow from the bank to pay out Mr and Mrs (often the purchase is 100% financed using the old and new house as security for the bank).*
4. *Mr and Mrs use the cash they receive from the Look Through Company plus what they have saved to purchase their new home.*
5. *Rent out the old home to tenants.*

*Under this scenario there is often a tax refund generated for Mr and Mrs, due to the fact that the Look Through Company's interest expenses and other expenses exceed the rental income. Under the Look Through Company rules, Mr and Mrs are the taxpayers for the company and therefore the losses pass*

*through to them personally and offset their salary income. The effect is to lower their overall personal income, which usually means they have had too much tax taken out as PAYE, so they get tax back.*

*In addition, if they have the view that the Auckland property market will continue to climb they get the benefit of capital gains on two properties instead of one.....”*

The structure I suggested above is very much bread and butter advice for most Chartered Accountants.

The key point of this article is that frequent conversations between client and accountant are critical if you want your accountant to add value to your situation. This particular client often involves me when key decisions are to be made. As a result we have built an effective working relationship that has enabled me to frequently add value for my client.



*If you would like to discuss this article or how property structuring may benefit your situation, please contact [Grant Brownlee](#) at [grantb@uhyhn.co.nz](mailto:grantb@uhyhn.co.nz) or phone (09) 839-0297.*

## Audit and Assurance Division Expansion into CBD

2017 marks a new era for UHY Haines Norton with the opening of a new office in the heart of Auckland's CBD. Located in the historical Smith & Caughey building on Queen Street, this office will provide a new central base predominantly for our Audit and Assurance specialists to operate from. It's exciting to have this opportunity to explore new prospects and markets, while continuing to provide excellent service to our existing client base. There is a lot of work to be done and the audit team are passionately taking up the challenge.

To celebrate this exciting time for our firm, we have introduced some new Assurance disciplines and attractive prices for first time clients. If you have assurance requirements and are looking for reputable, quality services, our opening specials are available until the end of April.

For further details of how we can assist you, please contact **Bhavin Sanghavi**, Audit and Assurance Director, at [bhavins@uhyhn.co.nz](mailto:bhavins@uhyhn.co.nz) or phone (09) 839 0248, or **Tadius Munapeyi**, Assurance and Advisory Manager, at [tmunapeyi@uhyhn.co.nz](mailto:tmunapeyi@uhyhn.co.nz) or phone (09) 839 2059.



*Tadius and Sungesh*



*Some of the Audit team on-site at the new office before a Friday night fishing trip*



## Henderson – Lincoln – Central Park Business Improvement District

*Tim Livingstone explains the benefits a Business Improvement District programme would provide to the businesses and residents in the Henderson – Lincoln – Central Park area.*

Voting for the proposed Henderson – Lincoln – Central Park Business Association is now underway.

The Business Improvement District (BID) programme is a public-private agreement between Auckland Council and Business Associations that have committed to develop a local business environment.

To date, 48 BID programmes operate across the Auckland region, representing over 25,000 businesses. We are currently the only major business area in Auckland not to have a BID, so are missing out on the benefits of being part of a BID programme.

A Henderson – Lincoln – Central Park BID will be dedicated solely to making it easier, safer and more profitable to run a business in our local area.

Following the establishment of a BID to represent all businesses in the Henderson, Lincoln Road and Central Park areas, our representation would cover approximately 1,200 businesses and 1,000 property owners. Under the programme, businesses vote collectively to invest in improvements to enhance their local business environment. This can include activities such as promotion and marketing of the area, business-to-business networking opportunities and business support, security and crime prevention, and advocacy to Auckland Council and Council Controlled Organisations (CCO's) such as Auckland Transport.

This BID programme would be managed by a new entity made up of a merger of the Henderson Lincoln and Central Park Business Associations. Recently both Business Associations held Special General Meetings of their members and resolved unanimously to support the BID process and to merge into a new entity.

I have long argued that we need to present a united voice that represents all of the Henderson – Lincoln Road – Central Park area, and I would encourage you to support this initiative.

For more information, please visit the [Henderson-Lincoln website](#). Voting opened on 6<sup>th</sup> March and closes at midday on 31<sup>st</sup> March 2017.

**A BID for ONE.**

**Henderson  
- Lincoln -  
Central Park  
Business Improvement District**



## IRD Introduces My GST Online Services

From 7<sup>th</sup> February 2017, the IRD has made filing and paying GST easier through the introduction of My GST online.

A new 'My GST' tab has been added to the myIR account - the IRD's online service available to tax payers to manage their tax affairs.



My GST online provides the following features:

- File GST returns online using My GST
- Pay your GST at the same time as filing your return, without having to log out of your myIR account to make the payment
- Make GST payments by direct debit, or by using your Visa or MasterCard credit or debit card
- Choose to receive email and/or text message reminders when your GST return and payment is due or late
- Request an amendment to an already-filed GST return
- Arrange GST instalment plans online, and in most cases receive immediate confirmation and approval
- Add file attachments online

If you have not already registered for the IRD's online service 'myIR' account, you can do so using the following link: <http://www.ird.govt.nz/online-services/ir-online-services-register.html>

It should be noted that, despite the introduction of My GST, GST returns can still be prepared manually and posted to the IRD.

More information on My GST, including video tutorials, is available on the [IRD website](#).

## Taxing Matters

*A summary of the latest tax changes relating to individuals and businesses.*



- The Government intends to raise the age of entitlement for Superannuation by six months each year from 1<sup>st</sup> July 2037 until it reaches 67 on 1<sup>st</sup> July 2040. Everyone born on or after 1<sup>st</sup> January 1974 will be eligible for Super from 67 years old, while the age of eligibility will remain at 65 years old for anyone born on or before 1 July 1972. The Government plans to introduce the legislation in 2018.
- Inland Revenue is going to have the authority to disclose tax debts to debt collectors where they have been overdue for at least 12 months and are greater than 30% of the taxpayer's gross income. Always contact us if you are concerned about your tax obligations, as we can often help you to address the situation.
- The taxation of foreign trusts can be a complicated area. A foreign trust arises when it is settled by people who are not resident in New Zealand, and the income generated by foreign trusts from a New Zealand source, that is trustee's income, is taxed at 33%. Income generated overseas is not taken into account for tax purposes in New Zealand. There are many rules and exemptions depending on circumstances, so we always recommend that you discuss your foreign trust with us to ensure that it is compliant, and that appropriate elections into the complying trust regime can be made within time.
- When you sell a patent or application for a patent, the gain is taxable. You may elect to spread the income over three years. When you purchase a patent, it should be depreciated over the remaining life of the patent.
- It is possible to claim back the 20% VAT incurred on business goods and services paid in the UK. Conditions regarding the claimant apply, including having no residence or place of business in the UK. There are strict time limits in place for the processing of refunds so we recommend getting in touch as soon as possible if you believe you may be eligible for these refunds.
- The World Bank's 2017 Doing Business report ranked New Zealand as the easiest country out of 190 nations for doing business, praising contributing factors such as the abolishing of cheque duties and lowered ACC levies. New Zealand was the highest ranked country for starting a business, dealing with construction permits, registering property, obtaining credit and protecting minority investors.

*Please contact us if you have questions regarding any of these tax areas.*

## Xero Tips and Tricks

As more and more of our clients make the move to Xero for their accounting software, here are some of our tips for keeping your Xero system efficient and accurate.



### **Issue # 1: Coding-suggested transactions that can lead to some transactions being incorrectly coded.**

#### ***Solution***

Xero's "suggested transactions" feature is quite clever and it's tempting to just hit 'OK' without looking. However, it's best to read the account code and description first to make sure they are correct before reconciling. Xero's suggested feature works off the last coded transaction with those details, so if one is wrong the rest will be too.

### **Issue # 2: Bank transfers**

#### ***Solution***

This applies when you have multiple bank accounts in Xero. Xero has a transfer tab when coding to reconcile these transfers correctly. Click on the transfer tab, select the bank account that the money is going to or coming from, and hit 'OK'. Xero then picks up the transfer and when coding the other bank accounts, the transfers will appear green.

### **Issue # 3: Coding payments to invoices**

#### ***Solution***

Once an invoice is approved, Xero automatically scans the bank accounts to look for the exact amount for that invoice. If the amount is found, it will appear green.

However, some of your customers might pay several invoices at once. This will not be picked up straight away. To reconcile a single amount to multiple invoices, click on the match tab. Once clicked, Xero will bring up all outstanding invoices. Simply tick the invoices that apply and reconcile.

### **Issue # 4: Part payment of invoices**

#### ***Solution***

This applies when a customer pays an invoice in multiple stages. Click on the match tab to bring up all outstanding invoices. Find the invoice the payment belongs to, and tick. Xero will recognise that the full amount has not been paid and a new button will appear called 'Split'. Click on 'Split' and it will bring up the part payment. Click 'Split' to save, and then click on reconcile.

## HR: Advice for Young Employees



**Wyatt Sargent  
& Associates Limited**

**Jennifer Wyatt Sargent** of [Wyatt Sargent & Associates Ltd](#) shares her advice for young employees starting out in the workforce.

This article is written specifically for youngsters who are starting work for the first time. Boring? Maybe. However, after I had spoken to a few people, written the article and read it through, I realised that I do so wish someone had said these things to me all those years ago when I was starting out.

You are entering the real world now. It's a world where you will be cut some slack because of your youth and inexperience, but where eventually you will be expected to conform to the way your employer likes things to be done (turn up on time, not spend all day on your smart phone, dress appropriately, be polite to your colleagues and to customers regardless of how irritating they seem to you), and where your performance and behaviour will define your place in the organisation.

These are the pearls of wisdom people wish to share with you. You can take them to heart and smooth your pathway through the minefield of being a new employee, or you can learn the hard way. It's up to you.

**Collect Experiences:** You never know what doors will open up to you when you say yes to something that seems random or, more likely in your first roles, boring. Having a variety of experiences helps you to build a toolbox of transferable skills (skills you can take with you to other jobs and even other professions), and improve your ability to speak and relate to people from a wide variety of backgrounds.

**You Don't Know It All:** You will never know it all. Never assume your qualification gives you the gift of knowing what you don't know. Be humble, listen to your more experienced colleagues, and be willing to learn from them. If you think you know it all you will get in the way of your own learning and development. Keep your ears open and be curious.

**Learn How To Communicate And Persuade:** As a new and junior employee, you are unlikely to be making important decisions. But if you want to give advice to the person who is, you will find it's not enough to be right - you will risk alienating them. Learn how to communicate that advice in a way that is understandable, relevant and meaningful. If your advice is ignored, remember that the person is more senior than you and probably has relevant knowledge and experience to draw on that makes your advice less useful. If that is the case, learn from that person. Work on your communication and persuasion skills throughout your working life.

**Learn About Your Employer's Business:** Read magazines, browse the web, read the business section of the newspaper. Understand that your CEO rarely knows and hears everything that's going on in the company. Rather it's the cleaners, receptionist, cafeteria staff and admin team who are the recipients of such information. Be nice to them. They'll tell you things that managers seldom know and that can be so useful in solving problems.



**Everyone Has Clients/Customers:** If you work in a shop, reception or call centre, you know who your customers are. If you work in an office, then anyone who asks you to do something (e.g. the coffee run, set up a room for a meeting) is your customer. If you are part of a team and you contribute to that team in some way (e.g. entering data), then your team is your customer as their work depends on you entering that data accurately and in a timely manner. Whether they are at the top of the food chain or the bottom, everyone deserves respect and understanding. There is a saying, "Happy wife, happy life."



In your case it's "Happy customer, happy life." Believe me, an unhappy customer can make your life very miserable indeed.

**Make Sure You Understand:** For example, there's a problem. Always remember it's very likely that people in your organisation have already tried to fix the problem before it was given to you. So if you think the answer is simple or obvious, then you probably don't actually understand the problem. As you gain more experience, you will learn to be very suspicious of any solution from a junior that begins with the words "It's easy, just do..." Avoid coming to a conclusion too quickly - make sure you are fixing the right problem. Investigate further to ensure you really understand it and then you can tell them how to fix it.

**Learn To Laugh At Yourself:** You will never run out of material.

**Be Happy To Share Your Own Experiences:** One day you will be the knowledgeable employee advising the newbie.

Whether you take our advice or not is up to you. But I do have one more gem that I sincerely urge you to consider. If you ever find yourself in a job that you hate, sit quietly and evaluate what is wrong. If there is something you can do about it, do it. If not – resign. Setting the alarm and getting up five or six days a week to go to a job you hate is unbearable. You deserve better, so find yourself a job where you really look forward to getting up in the morning.

*Jennifer Wyatt Sargent can be contacted at [Wyatt Sargent & Associates Ltd.](#)*

## Staff News February/March 2017



We are excited to welcome on board a new Senior Accountant to our Helensville office. **Ben Carmichael** has extensive experience dealing with a range of clients from small “Mum and Dad” businesses through to large, high-turnover businesses. Originally from Australia, he crossed the ditch 10 years ago, and has a passion for technology - particularly accounting software solutions such as Xero. In addition to spending time with his wife and young daughter, Ben is a big sports fan and loves playing video games.

Last month we farewelled Helensville Accountant **Helen Sircombe**, who is taking a new opportunity to work closer to home. Helen was a valued member of our close-knit Helensville team and will be missed.

We have also said goodbye to **Shanshan Yang** in our Audit department, who has left to spend more time with her family. We wish both Helen and Shanshan the very best of luck for their futures.

Congratulations to **Gopi Ram** who has been promoted to BAS Manager, and to **Bhavna Manilal** and **Christa Louis** who have both been promoted to Intermediate Accountant.

Well done to **Arpita Khanwalkar**, who has passed her Capstone module exam to become a fully qualified Chartered Accountant. Congratulations also to **Natasha Fernandes**, who successfully passed the Audit and Assurance exam towards her Chartered Accountant qualification.

Congratulations to Accountant **Stoven Kennerley** and his wife Anne, who have welcomed their third child, Arthur Stoven Kennerley.

Many happy returns to Director **Kerry Tizard**, who has just celebrated turning 60.

