

# UHY HAINES NORTON NEWSLETTER

FEBRUARY 2020



## Planning For Financial Year End

plus:

Common  
GST  
Mistakes

Farm Livestock  
Counting

AML/CFT  
Audits

Remote  
Workers

Business Improvement  
District for Henderson

[www.uhyhn.co.nz](http://www.uhyhn.co.nz)

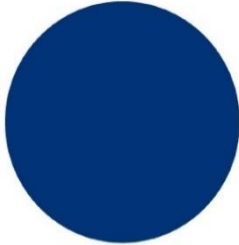
People you know, advice you can trust

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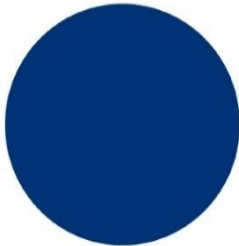
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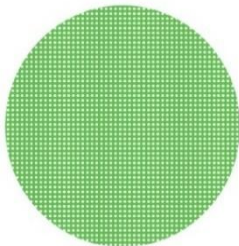
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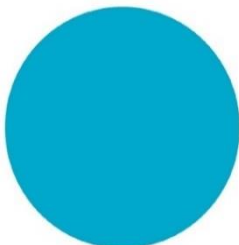
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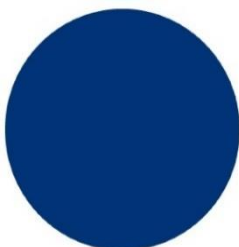
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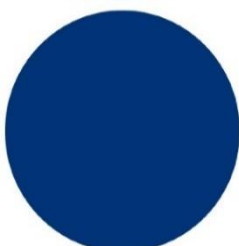
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# Planning For The Financial Year End

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Planning for the financial year end on 31<sup>st</sup> March now will help make the process easier and quicker. Getting all of the information together that we need to prepare your year-end accounts can take quite a bit of time, but getting organised now can help you to have the right information all ready to go. Here are some of the main areas you can prepare prior to 31<sup>st</sup> March:



- **Value of stock on hand.** Depending on your inventory management system, this may require a physical stock to be undertaken on balance date. Schedule this in with enough hands on deck to get the job done efficiently, and if necessary notify your customers of any potential disruptions to service. Now is also a great time to physically dispose of any obsolete stock so it won't need to be included.
- **Work in progress.** You may need to provide a figure for WIP, which consists of any labour and materials incurred on jobs which have not yet been invoiced. These should be at cost, rather than at your charge-out rates.
- **Bad debts.** In order to claim a deduction for any bad debts, these must be written off during the year – with evidence to support this. Write off bad debts now in your accounting software before your balance date arrives.
- **Accounts Receivable/Debtors.** This is a list of the amounts you are owed by customers as at balance date. This is now extremely easy information to access using accounting software, but if you are not using an accounting programme you will need to write up a list of customers and the amounts they owe you.
- **Unpaid invoices.** Although we recommend having a good process in place for continually managing overdue invoices, now is also a good time to put in some extra effort on these. Tidy up your accounts by chasing up any unpaid invoices, which also reduces your age of debtors ratio and impacts positively on your cash flow.
- **Accounts Payable/Creditors.** As with your accounts receivable, you will need to obtain a list of suppliers and amounts owed at balance date (usually these are the statements due to be paid in April). Again, this is readily available in most accounting software programmes, or alternatively manually draft up a list.
- **Expenses.** Business expenses are deducted from your profits meaning you pay less tax, so it is worth taking time to ensure these can all be accounted for. This includes checking your personal bank accounts for any business-related costs, as it's easy to forget these.
- **Fixed assets register.** We recommend keeping a fixed assets register and updating it throughout the year with details of any purchases costing more than \$500, as well as noting any fixed assets you no longer have so they can be written off in your annual accounts.
- **Shareholder current account.** If you have a shareholder current account and it is overdrawn at 31<sup>st</sup> March you may be subject to pay FBT or interest at the IRD's prescribed rate. To avoid this you could repay the loan before balance date or declare a dividend.
- It's often a good idea to take a look at **last year's financial statements** to remind yourself of which information we will require from you. You can see exactly what is applicable for you and your business and then update the figures and information accordingly.

As always, please [contact us](#) if you have any questions regarding planning for the financial year end.

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# Common GST Mistakes

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Many of our clients prepare and file their GST returns and payments for their small businesses. As is the case with all taxes, it's important to calculate your GST correctly - getting it wrong can prove to be an expensive exercise! Here we share some GST mistakes we commonly come across:



1. **Not registering for GST at the right time.** The threshold for registering is when your annual business turnover (excluding GST) exceeds \$60,000. You can voluntarily register for GST at any time when you are in business. You must register if your turnover has exceeded \$60,000 or if you expect turnover to exceed \$60,000, or your prices include GST. If your annual turnover drops below \$60,000 you must continue to charge, collect and pay GST up until the date you notify IRD that you are de-registering. For more information on registering for GST please see our previous article "[GST Registration: Understanding the Basics](#)".
2. **GST and hire purchase agreements.** When you buy goods on hire purchase, you can claim a GST deduction up front in the taxable period covering the dates you enter into the agreement.
3. **Transactions from personal accounts.** Small business owners often make purchases for their business from personal bank accounts. In these cases it is easy to forget to reimburse back from the business account, and even easier to forget to account for the GST portion of the purchase.
4. **Buying and selling second-hand goods.** If you buy second-hand goods for use within your business, you can generally claim GST even if the vendor is not GST-registered. However, if the vendor is an associated person then there will be limitations on how much (if any) GST can be claimed. You should talk to your accountant where this situation arises. To do this you must record the name and address of the suppliers, purchase dates, descriptions, quantities and prices paid.
5. **Including sales within the wrong GST period.** If you do need to include a sales invoice from a past GST period, you should discuss this with your accountant so that you can be advised on the correct course of action. Incorrect action or inaction can result in significant shortfall penalties being imposed by Inland Revenue.
6. **Mis-coding transactions.** We often see GST claimed on items which are actually exempt from GST, for example bank fees, life insurance, interest and donations.

Please [contact us](#) if you have questions regarding GST for your business.

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# Farm Accounting: Livestock Counting

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*UHY Haines Norton Director and Farm Accounting expert [Mark Foster](#) reminds farmers why accurate livestock counting is so important for tax purposes.*



Keeping a handle on your livestock numbers can be an ongoing challenge, and it all comes to a head at the end of the financial year when we want an accurate stock figure for your accounts. In theory reconciling your livestock figures should be a straightforward calculation of adding births to your opening count and deducting sales and deaths. But in reality we find that more often than not the end of year livestock figure is substantially different to the theoretical balance on hand.

Getting your livestock figures accurate is essential because it directly relates to how much tax you pay. Over-counting results in you paying more tax than you need to, and under-counting can result in a much bigger tax bill in the following financial year when a correction is made. This is why we advise all of our farming clients to aim to get their stock figures as correct as possible to avoid these unnecessary fluctuations in their tax bills.

There are both computerised and manual systems you can use to track stock movements throughout the year. Personally I recommend using a computerised system, such as “[Figured](#)”, a cloud-based tool which tracks all movements of stock including births and deaths. This means that your livestock figures are fully reconciled at the end of the tax year and any discrepancies tend to be very minor and easily corrected. But there are a number of apps on the market, so it is worth taking the time to find a system you are happy with – after all, it should make your life easier!

So help us to support your farming operation by ensuring you don't pay the taxman any more than you absolutely have to. Whether you track your livestock manually or with the help of software, make sure it happens on a regular basis so we can help you to minimise your farm tax.

*If you would like to discuss livestock counting or find out more about how we can help with your Farm Accounting needs, please contact [Mark Foster](#) at [markf@uhyhn.co.nz](mailto:markf@uhyhn.co.nz) or phone (09) 420 7957.*



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# Coronavirus Information For Businesses

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[Business.govt.nz](https://business.govt.nz) have published some helpful information for businesses who may be affected by coronavirus. It provides information regarding:

- Employment considerations for employers
- New Zealand Trade And Enterprise advice for exporters and importers
- Travel considerations
- Health and Safety concerns
- Ministry of Education guidance for the education sector



Business.govt.nz also recommends that businesses develop a [business continuity plan](#) to help prepare for and cope with an emergency. It provides a detailed step-by-step guide to developing and implementing one for your business.

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# AML/CFT Audits

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The [AML/CFT \(Anti-Money Laundering and Countering Financing of Terrorism\) Act 2009](#) requires certain types of businesses to implement processes that will help prevent money laundering and financing terrorism. These measures are designed to protect individual businesses as well as the reputation of New Zealand as a reputable country to do business with. Our clients will be aware that we must now ask for more information about them and their businesses in order for us to comply with the Act.



Organisations affected by the legislation must comply in two ways:

1. Establish an AML/CFT compliance programme consisting of procedures that will detect, prevent and manage the business' risk to money laundering and financing terrorism.
2. Have their AML/CFT compliance programme audited every two years (or as otherwise stipulated by their AML/CFT supervisor). This is where we come in!

The UHY Haines Norton Audit team are working closely with businesses affected by the Act. We provide effective and credible audits of compliance programmes to ensure all of the legislative requirements are being met. This includes identifying any issues and recommending corrective actions that each business can put in place in order to achieve full compliance.

I was recently asked to co-author the update of Thomson Reuters' "*Practical Auditing Manual*", which needed substantial updates to the information it provides around auditing requirements under the AML/CFT Act. This project has helped me to further extend my knowledge and expertise in this area. I really enjoy helping businesses meet their obligations – it's a great feeling to be able to navigate complex legislation and be in a position to provide complete peace of mind.

*If you are affected by the AML/CFT Act regulation changes, talk to us about how we can help you to meet your obligations. **Sungesh Singh** is Audit and Assurance Partner at UHY Haines Norton, and can be contacted on email [sungeshs@uhyhn.co.nz](mailto:sungeshs@uhyhn.co.nz), mobile 021-784-166 or phone (09) 839-2184.*



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# Taxing Matters

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*A summary of the latest tax and business changes, updates and news.*

- From 1<sup>st</sup> March the IRD will **no longer accept cheques**. This applies to cheques dated on or after 1<sup>st</sup> March 2020. Payments will need to be made online, either through your bank or myIR, or via automatic payment, or in person at a Westpac branch or ATM. You do not need to be a Westpac customer to pay your tax at one of their branches. However, from 1<sup>st</sup> July 2020, all payments made at a Westpac branch or ATM must be accompanied by a barcode that will identify the customer, tax type and period. The IRD is adding these barcodes onto all of their notifications, which they hope will reduce errors relating to payments being made.
- The prescribed rate used to calculate minimum interest charges to prevent fringe benefit tax on **low-interest, employment-related loans** is now 5.26%, down from 5.77%, effective from 1<sup>st</sup> October 2019.
- The IRD is making some **changes in myIR** in April. All employer accounts are being combined in myIR so that all employer-related assessments and correspondence will be grouped for easy access and visibility.
- If you have an employee with a **student loan**, the IRD will now notify you when the student loan has almost been fully repaid by advising you of the final deduction amount and the employee's new tax code.
- The IRD is simplifying things when **signing on new employees** by combining the new employee details (IR346) and KiwiSaver (KS1) information into a single form.
- The IRD is screening several **webinars** on the changes they are introducing for businesses, known as the Business Transformation Programme. You can register to watch the webinars live or on demand. Visit the IRD's website [here](#) for details.
- From 1<sup>st</sup> April 2020, the **non-declaration rate for RWT** on interest income will rise from 38% up to 45%. To ensure your interest income is taxed at your correct rate, provide your IRD number to the interest payer, for example your bank.
- Be careful when **writing the date** this year to ensure you write the year in full, i.e. "2020" rather than "20". Writing just "20" allows the date to be easily modified backwards or forwards by adding two extra numbers, for example 15/02/20 can easily become 15/02/2019 to backdate, or 15/02/2021 to forward-date. Get in the habit of always writing out the year in full to protect yourself from potential scammers.



Please [contact us](#) if you have questions regarding any of these areas.



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# Support For Henderson Businesses

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UHY Haines Norton's head office has always been based in Henderson – in fact, our early beginnings date back to 1955 in the heart of what was a very rural Henderson with orchards and metal roads. Much like the rest of Auckland, we have seen the suburb evolve significantly and today the Henderson – Massey Local



Board is the second largest in Auckland. Although there are 48 Business Improvement District (BID) Partnership Programmes across Auckland, the Henderson region remains the only major business area without one. There are over 2,000 businesses in the area who would benefit from the establishment of a BID.

A BID is a public-private partnership between business associations and Auckland Council that seeks to make it easier, safer and more profitable for businesses in the area. It provides significant financial and strategic support that delivers tangible benefits to business owners. This can include:

- Assisting with commercial interests through a comprehensive development programme
- Supporting the welfare of the business community
- Improving the environment of the business community
- Capitalising on the area's assets and establishing a brand identity
- Working with local authorities and Government bodies to improve security, transport and infrastructure

A vote for a Central Park, Henderson, Lincoln & The Concourse BID is taking place this March. Eligible voters consist of commercial property owners and commercial tenants in the proposed BID area – i.e. those who will directly benefit. The voting period opens on 2<sup>nd</sup> March and closes midday 27<sup>th</sup> March, with voting papers being posted out at the end of February.

For more information on the proposed BID visit [www.cphb.org.nz/bid](http://www.cphb.org.nz/bid).

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# The Benefits Of Remote Workers For Businesses

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Employing remote workers can be a great strategy for growing your business. If the nature of your business does not require hands-on labour, it may be worth considering allowing the flexibility that working remotely provides. And with the continuing spread of coronavirus around the world, businesses are being urged to develop continuity plans to help prepare for possible ramifications of the disease, which includes investigating remote working capabilities for staff members.



Thanks to today's technology, working remotely is a viable and increasingly popular option for many industries. Flexibility in work hours has long been valued by employees who wish to avoid peak traffic, work around family commitments, or simply have a work/life balance that suits their lifestyle. Working remotely takes that a step further by allowing staff to work anywhere, at any time.

## Increased Productivity

The focus has shifted from traditional 8:30am – 5:30pm office hours to an emphasis on productivity, which often improves in a remote working environment. Both research and anecdotal evidence has shown that remote workers can be more productive than those who spend a similar number of hours working in an office. Often there are simply far fewer distractions at home than at the office. Open-plan offices may encourage communication and collaboration among team members, but it can be hard to tune out the constant noise and distractions.

In addition, working remotely allows you to design your own work days, potentially working longer hours when it suits you. This leads to happier, loyal employees who are more engaged with their work.

## Lower Business Expenses

Remote workers mean lower business expenses, such as less office space, equipment and overheads. Using cloud-based technology allows companies to reduce spending on the purchase and maintenance of technology. And as studies show that remote workers have a lower rate of staff turnover, businesses can also save significant money on recruitment and training. Working remotely also has a positive effect on the environment because of less commuting and an emphasis on using technology rather than paper-based practices.

## Isolation

One of the downsides of working remotely can be loneliness and isolation, particularly if it is a fulltime, permanent basis. Some people thrive on interacting with others, and others can struggle to maintain motivation and momentum when away from the business premises. Employers should always ensure that working remotely is a good fit for an employee's personality.

Personally, I find that a combination of office-based and remote work is ideal for me. Working in the office allows me to stay better-informed, maintain good staff relationships, collaborate on projects and generally feel invested in the business. But working from home one or two days per week is invaluable for allowing me to concentrate on projects, strategies, planning and content that would take me three times' as long to complete in my open-plan office.

**Debbie Robson** is Marketing Coordinator at UHY Haines Norton.

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# Financial Intern Opportunity For UHY Scholarship Winner

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*Congratulations to 2017 UHY Study Scholarship winner Shona Mani, who has been selected for an internship opportunity at Chartered Accountants Australia and New Zealand (CAANZ). Here Shona shares with us details of the opportunity and her tips for other university students.*

I would like to thank UHY Haines Norton as their Study Scholarship made my CV stand out amongst hundreds of CAANZ Achiever Programme 2019 candidates. The application process had five stages including psychometric testing, video interviews and the final stage was a daunting face-to-face with three interviewers. During all of these selection stages, I was confident because I had a lot to talk about from the experience of being selected for the UHY Haines Norton Study Scholarship.

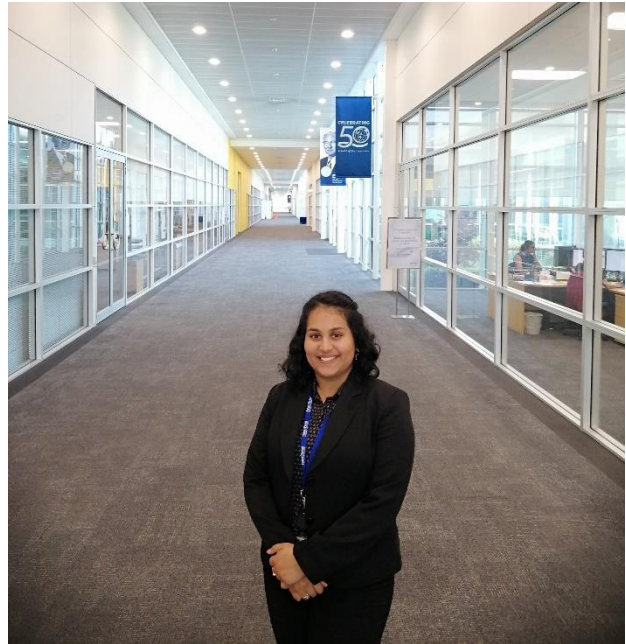
I am currently doing a Finance Internship at Fisher and Paykel Healthcare, which is a global leader in the healthcare industry with over 4,000 employees and an annual revenue of \$980 million.

For other university students like me planning to make it big in New Zealand's finance industry, I would like to share three tips to increase their chances of securing an internship:

1. **Networking** - reach out to prospect companies on LinkedIn. One coffee with their CFO will make you wiser rather than just attending University lectures.
2. **Reading** - this helps you become a more interesting person, capable of carrying on conversations with the networked LinkedIn connections.
3. **Planning** - be around people who are in the position you want to be in the next 5-10 years of your career. Believe me, the department Managers, Vice Presidents and CEOs don't want to shoo you away, they are just busy but they love to share their success secrets. I have learned this at Fisher and Paykel because even the top management doesn't hide behind any work cabins. They work in the same pods as us and we all have coffee from the same coffee machines as the CEO of Fisher and Paykel.

Thanks once again to UHY Haines Norton for believing in me.

*We are so thrilled for Shona and wish her the very best for this next stage in her career.*



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# Tim Livingstone's Pivotal Role At The Trusts Arena

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As West Auckland's premier sports and recreation facility, [The Trusts Arena](#) has gone from strength to strength. In the past financial year it has proudly welcomed over 500,000 visitors to events that include conventions, trade shows, concerts and of course national and international sporting events.



**TIM LIVINGSTONE**  
CHAIRMAN



Construction of the stadium began in 2004. It took four years to complete and our own [Tim Livingstone](#) has been there since day one. He has been a board member of The Trusts Arena since 2004, and took over the role of Chair in 2016. Tim and the other board members play a key role in overseeing and supporting the Arena's philosophy to serve the wider West Auckland community with a multi-purpose facility for sporting, leisure, cultural and business activities.

2020 promises to bring another packed schedule of events at The Trusts Arena. The board is working with local Iwi to grow their relationship, and a roof renovation project is underway that is expected to take 12 months to complete. Tim says he is privileged to continue his role as Chairman of the board, and looks forward to watching the facility continue to serve the West Auckland community.

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# Staff News: February 2020

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The holidays are now a somewhat distant memory and it's fair to say that 2020 feels like it has kicked off at top speed! But we have lots of good news we are excited to share with you.



Congratulations to Director **Andrew Scott** and his wife Talia, who have welcomed a third addition to their family. Isla arrived slightly ahead of schedule on 12<sup>th</sup> December, and is absolutely doted on by her big sister and brother.

Congratulations also to Henderson Accountant **Lalita Robertson** and her husband Daniel, who welcomed a second addition to their family in December. Their baby girl Marisa arrived on 27<sup>th</sup> December.

Congratulations to Henderson Accountant **Veanthie Pollayah** who became engaged over the holidays, we wish her and her fiancé Rafe the best of luck together.