

# THE BALANCE SHEET

April 2020

WISHING YOU A  
**HAPPY EASTER!**

Included this month is;

Our Easter hours, our teams new working environments, all you need to know about COVID-19, what we're doing and how to get your business through this tough time, the End of the Financial year and links to our downloadable questionnaires and the latest article from Director, CoralPhillips on the Drought Declaration.

Happy reading!

We are closed;

Friday 10th April, Monday 13th and Tuesday 14th April

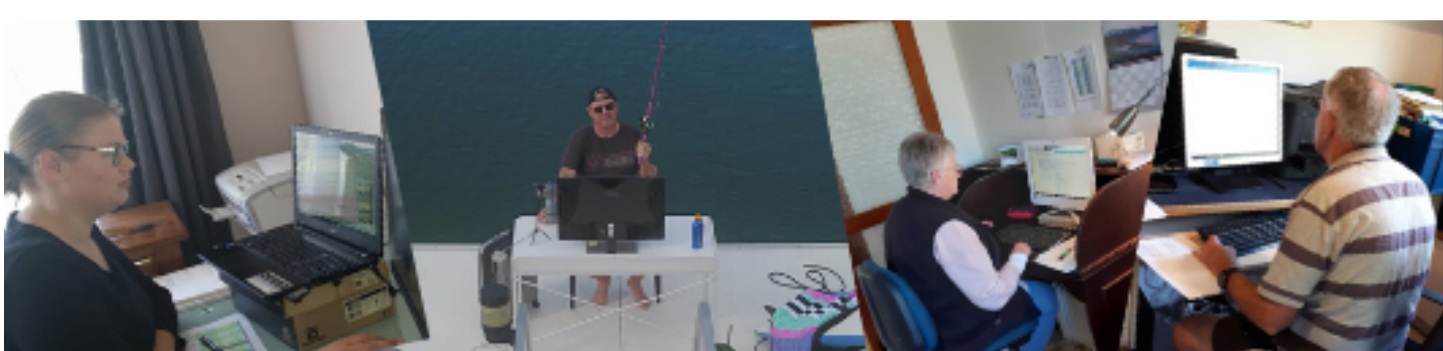


## Working looks a little different these days.

We're not in our normal office environment, and things are a little different for most of us. We're adapting to our new work spaces, finding great ways to stay connected, and some of our co-workers look a little different - and in the form of furry companions. Rest assured, our team are still here, working hard and continuing to deliver, and *while so much has changed, our service and commitment to you hasn't.* We are still here to support you!

Please get in touch with anything you need, and remember our free one hour consult for any concerns or extra support needed during this time.

Morrinsville 07 889 7153 | Matamata 07 888 8002 | Thames 07 868 9945



 **We are still here to support you.**



Unite  
against  
COVID-19

[covid19.govt.nz](https://www.covid19.govt.nz)

0800 358 5453

## All you need to know on COVID-19 & how to get your business through this tough time.

<https://www.cooperaitken.co.nz/covid-19-business-support-package/>



All you need to know on COVID-19



Updates from CooperAitken



Business COVID-19 Checklist



Tax Information



Wage Subsidy Scheme



Important COVID-19 Links

### COVID-19 – Level 4

On Monday the 23rd March, government announced that we now need to move into the next phase of our business continuation. This means that as of 5pm on this date, our premises in Morrinsville, Matamata & Thames will be shut to the public until such time as we can re-open.

Please be assured we are still here to work with you and assist. It just means we will have to do so remotely. Contact can still be made with the team through email and cell phones as per normal. We are in the process of diverting all landlines (general and direct dial) to a centralised call centre so we assist clients and get the right team member to contact you.

We ask that you please give us your patience whilst we put these processes in place. We will be sending updates as they come to us but we can reassure you we are here to support you through this difficult time and please contact us via phone or email and we will be in touch.

Morrinsville 07 889 7153

Matamata 07 888 8002

Thames 07 868 9945

[mail@cooperaitken.co.nz](mailto:mail@cooperaitken.co.nz)

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

FOR MORE INFORMATION, HEAD TO;

<https://www.cooperaitken.co.nz/covid-19-business-support-package/>

## 31 March balance date

31 March is the balance date for many of you.

**!Remember!**

Do your stock take. This is based on cost price and exclusive of GST.

☐ Farmers ☐

You will need to count livestock on the farm.

☐ Commercial businesses ☐

You will also need bad debts to be written off your debtors ledger in order to claim them as a deduction in the 2020 year.

Unfortunately like previous years where we post out your questionnaires, we aren't able to follow this process this year. So, we have made these questionnaires available through our website (You can find under Resources).

To complete;

1. Download the questionnaire you need
2. Save to your computer
3. Complete questionnaire
4. Return by email to [questionnaires@cooperaiklen.co.nz](mailto:questionnaires@cooperaiklen.co.nz)



## Declaration of Drought March 2020



Declaration of Drought changes the rules for the use of Income Equalisation Deposits.

The Government have declared a drought “large-scale adverse event” for the whole of the North Island and parts of the South Island. No surprise, you may say.

This now means Income Equalisation Scheme discretionary relief is available. The change means possible improvements to cashflow as funds don't need to be held by the IRD for the full 12 months to spread the tax to future income years.

How does this work?

The Income Equalisation Scheme was introduced to enable farmers to smooth income levels from year to year. Normally deposits need to be held by IRD for 12 months to transfer taxable income from one year to a future year, when it will then be taxed in the year when withdrawn. Also after 12 months, interest is paid at 3% by IRD.

The drought declaration means even if your 2019 Tax returns have been filed, IRD allow up to 30 April 2020 to deposit the funds and your tax returns are able to be reassessed without penalty. This decreases your 2019 income by the same amount. If you request an immediate withdrawal of the funds from the IED scheme, this will increase your 2020 income. However, if you have a May balance date and wait until 1 June 2020 to request the withdrawal, it can be 2021 which incurs the reassessed income. Terminal tax on the 2021 year profit is not due until 7 April 2022. This could effectively delay a substantial amount of tax being paid for two years.

A caution needs to be added in respect to marginal tax rates. It is an additional advantage if income can be spread from being taxed at 33% to a lower rate such as 17.5%, but not the other way around.

This early withdrawal is applicable for areas where the drought has been declared. But in other regions or other years, farmers can withdraw the money after 6 months if it is used for development, planned repairs and

maintenance, purchases of livestock or if it avoids them suffering serious hardship.

If you are thinking you have insufficient borrowing facilities to go ahead with this proposal be aware the money is deposited with the IRD, it is secure and traditionally banks have been very understanding about granting the additional funding.

Tax Traders as another option

Tax Traders is an intermediary company who work with you and the IRD to help provide good financial solutions for taxpayers having difficulty with paying their tax.

Tax Traders have a considerable pool of monies held by IRD and these are used to make your payment on the due date, ie in retrospect as required.

They are able to provide a financial arrangement which will offer a substantially lower interest rate and without the potential penalties which may arise if taxes are simply left unpaid. CooperAitken clients are using this option more and more as the benefits are being realised.

We are able to help you assess whether either of these options may be beneficial for you. With the current uncertainty in the economic environment it is very important to be in control of your business and take any opportunity which is advantageous for you.

This is a good time to have a budget completed to give you confidence of your financial situation in the coming season. This will also help to understand whether the use of Income Equalisation Deposits or Tax Pooling would be of benefit to you. We can help you with this, and also help you use the reports to track your budget versus actual results throughout the season.

If you have any questions or would like us to help with this work, please feel free to contact us and we will be keen to assist.

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