

THE BALANCE SHEET

December 2017

We wish you all a wonderful festive season, and a New Year of peace and happiness. We look forward to working with you again in 2018.

Holiday Office Hours

Our offices will be closed from 4pm on Thursday, 21 December 2017 and will reopen at 8am on Monday, 8 January 2018.



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The legal stuff

All information in this newsletter is to the best of the authors knowledge true and accurate. No liability is assumed by the authors, or publishers, for any losses suffered by any person relying directly or indirectly upon this newsletter. It is recommended that clients should consult a senior representative of the firm before acting upon this information.



Certificates of Public Practice gained

Congratulations to our Associates, Carissa Cressy and Deborah Hollands, who have gained their Chartered Accountants Certificate of Public Practice.

To gain the certificate Deborah and Carissa have achieved a number of things including; experience as a Chartered Accountant for more than two years, courses in New Zealand Company and Partnership Law and New Zealand Taxation and completion

of the Public Practice Programme. The certification protects the public interest and ensures certain standards are met. Congratulations to Carissa and Deborah on this achievement.

Fresh look

If you have visited our website (www.cooperaitken.co.nz) lately you would have noticed our revamped and now mobile friendly website. Still packed with the same great features; all our latest news, registration for our free events and contact information for Cooperaitken staff. Our fresh new website has easy navigation - so you can find what you are looking for faster.



IN BRIEF...

Email address changed?

On November 30 a number of New Zealand providers closed their email services. If you were impacted and have a new email address (or if you have changed your email for other reasons) please let us know mail@cooperaaitken.co.nz

A list of the discontinued email providers:

- vodafone.net.nz
- vodafone.co.nz
- ihug.co.nz
- wave.co.nz
- quik.co.nz
- pconnect.co.nz
- paradise.net.nz
- clear.net.nz
- es.co.nz

GST returns scam

Reminder to check the email address you are receiving the email from and forward any suspicious emails to the IRD; email.phishing@ird.govt.nz. This helps the IRD catch these scammers as early as possible.

Paying your ACC Invoice

Each ACC invoice has its own ACC number and IPS number. Please ensure that you use the correct ACC number and IPS number when paying on the internet so payment goes to the correct account.

Team News

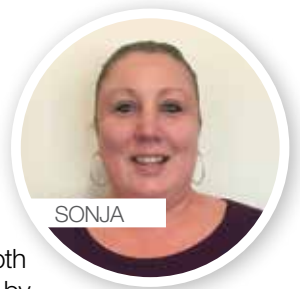
Welcome to the team

Lots of lovely new faces recently joining the CooperAitken team.

Sonja is our new receptionist in our Thames office, covering Shaan's maternity leave.

In Morrinsville we have **Kristy** and **Suzanne** who both join us as intermediate accountants. They are joined by

Gerrie who is in accounting and review, **Sam** as a tax administrator, **Lisa** who is Gavin's PA and **Aimee** as administration support.



SONJA



KRISTY



SUZANNE



GERRIE



SAM



LISA



AIMEE

Managing Christmas leave

2017 has raced along and soon it will be Christmas. With that in mind, it is time to consider the issues around summer leave.

A range of staff challenges appear over the Christmas and New Year holidays. We will have the usual requests for leave, the need to have relief staff and the questions around pay that these always bring with them. What better time to remind everyone what the regulations are around holidays and pay.

Most importantly, staff must apply for leave; but an application for leave and approval of leave is not the same thing. If it really does not suit the employer, they can decline a leave request. Obviously the employer must try to be as fair and reasonable as they can, but they still have to run a business. Sometimes that means that leave is not convenient.

Another staff member may already have been approved for leave.

Chances are then that the employee would be declined leave as both cannot be away. The employer and employee will usually sit down and work out something between them, but at the end of the day, it is the employers call on whether leave is approved or not. A hint for employees here; it always helps your employer to plan ahead if you give them as much notice of your leave as possible. If you want New Years off then let them know now; not on 27th December.

If you as an employee work a statutory day, (Christmas, Boxing Day, January 1st & 2nd or the transferable days), then you are entitled to be paid at time and a half. As the law requires you to keep timesheets, this is now a simple and straight forward exercise.

Record the hours worked and get paid at time and a half. The employee does also get another day in lieu, which they can take at another time – with the employer's agreement.

With holidays often comes the need to find relief staff for everything from the occasional milking, to finding staff to cover a holiday period. These staff all require an employment agreement - even casual staff.

They do not get a day in lieu for a stat day, as it is not a regular working day for that employee. However, they do get paid time and a half as a genuine casual employee. They also get paid holiday pay at 8% on top of what they earn as they go or at their finish date if it was a short term contract.

For HR support, call John at CooperAitken on 07 889 8838.





It is the time of year full of Christmas fun. It is important to treat business entertainment expenses correctly during the festive season.

They are either 50% or 100% deductible. You also need to watch out for fringe benefit tax (FBT).

- Christmas party 50% deductible
- Transport to the function 100% deductible - FBT could apply
- Lunches, morning teas 100% deductible
- Christmas gift/gift vouchers
 - non food are 100% deductible; food and drink is only 50% deductible - FBT could apply
- Cash bonus – treat as wages with PAYE deducted

There comes a time when every farmer has to finally hang up the gumboots and retire from the farm. Even Richie had to hang the boots up.

The key to the successful sale of a farm is to plan, plan and then plan some more. Early conversations are needed with family. If the farm is held in a company, the shareholders need to understand all expectations. Formulate and discuss the plan to understand all the options available and get specialist advice. Always proceed with the view that the sale is the end game and try not to get too caught up in the tax ramifications, as it is a cost of the transaction not the driver.

To avoid GST clawback both parties need to be GST registered. If the purchaser is not GST registered then you will have to include the GST component of the sale in your next GST return. Also get the lawyers preparing your Sales and Purchase agreement to make sure that both parties are GST registered and the agreement has a Zero GST rating.

Next you need to consider how your herd is classified for tax purposes – Herd scheme or National Standard Costs (NSC), as it has an effect on the tax paid upon sale of the herd. When selling the herd it needs to be sold at market value and the difference between the market sale price and the valuation of the herd, whether the herd is on Herd Scheme or NSC will be deemed taxable profit.

The values of the herd under the two schemes do differ and are variable over time so it is good idea to talk to your accountant around how to increase the book value of your herd before you sell. If you are selling the herd to associated parties then there are regulations around how the new owners can classify the herd (either Herd Scheme or NSC), so again a good idea to seek some guidance.

Another issue to take into consideration when selling is

depreciation recovery. Depreciation recovery relates to the gain or loss on the sale of the assets sitting on your depreciation schedule. If you make a gain on the sale of the assets then that is taxable income and losses are tax deductible.

It is common to find that assets have depreciated significantly over the years and you are required to sell at market value so you can see significant taxable profit from the sale of farm assets. At the time of negotiating the sale of the assets it can be prudent to sell the assets as close to book value as possible.

One thing to be aware of, particularly for older farms, is that there may still be depreciation on dwellings sitting on the depreciation schedule. Depreciation on dwellings ceased in the 2011-2012 financial year so it may still be applicable and as such subject to depreciation recovery. It is prudent and common place for the Sales and Purchase agreement to have separate figures for the sale of the farm dwelling and curtilage. This makes it a lot easier for your accountant to calculate depreciation recovery on old dwellings.

Currently there is no capital gains tax on the sale of the farm.

Once your sale is finalised the next step is running what to do with your hard earned gains. For many ex farmers this can be as stressful as running the farm with the big mortgages. If the farm is in a company structure, you will need to discuss with your accountant how to get the proceeds from the sale out of the company and to the individuals. While your accountant can't provide specific investment advice, they can guide you through the process and refer you to the right people to talk to regarding investments.



Cameron McGill
is an Associate
with CooperAitken
Limited Chartered
Accountants and
has practiced both
in Australia and New
Zealand.

New Trusts Law on the way

New Zealand has a high utilisation of trusts owning assets and businesses. It is important to have legislative guidelines for their operation and management. Up until now there has been no legislation to govern Trusts in New Zealand, other than the Trustee Act which confirms the responsibilities of trustees. The draft Trusts Bill was released in November 2016 and will replace the Trustee Act 1956 and the Perpetuities Act 1964.

At CooperAitken we have a dedicated division who attend to all trust matters and carry out the annual trust administration for a large number of trusts.

This initiative began a few years ago when we made the decision to ensure trusts, are maintained and administered as they should be.

We run a successful Trust Administration Service at CooperAitken, managing the requirements to run a trust successfully. A trust is a valuable way of protecting assets held for the benefit of others and it is more important than ever to ensure both your trust and your role as a trustee are managed well and meet all obligations.

The new Trusts Bill will provide guidance on how a trust should be administered and clarifies core trust principals and obligations of trustees, which in the past has been strongly guided by Court decisions as they evolved.

Some main parts of the Bill include:

- Explanation around what a trust is, its creation and maintenance;
- The maximum duration of a trust will be 125 years, rather than 80 years at present. This will only be achievable by existing trusts provided the trust deed allows for variation/updated law in this regard;
- Trustee duties and information obligations which include 'mandatory' and 'default' duties;
- Providing trust information to beneficiaries and beneficiaries right to information. It is likely that trustees will need to make available to every beneficiary or representative of a beneficiary basic trust information;
- Provision for a clearer and more comprehensive process in regard to the appointment and removal of trustees. Capacity of trustees is currently an issue, often needing Court

direction. The new Bill will reduce the need for Court direction; and

- Classification of personal Trustee liability.

The main aspects of trust deeds/documents which appear necessary for review are – perpetuity periods, beneficiary definitions (the beneficiary classes), indemnity clauses, dispute resolution clauses, retirement and appointment of trustee clauses, and any clauses relating to the age of majority.

In reviewing many of our Trust Administration service clients Deeds, we see opportunities to amend the trust documents; these may be enhancements due to the legislative changes or simply more appropriate to modern day situations and family needs.

-If you would like the opportunity for the trustees to benefit from a review by our specialist trust team please contact our Trust & Companies Division Manager and In-House Lawyer, Megan Potter on 07 889 8842 or Director, Grant Eddy on 07 889 7153.

Keep watching our Website for further information regarding the new law and as your responsibilities as a trustee evolve.

Software Update

Taking the first steps with the vast array of software options out there for your business can be daunting, but as we approach the New Year, it's a great time to consider your options.

We can provide you with a software solution that will best suit your individual business needs and provide you with greater business freedom.

Our specialised software team are available to guide you, and

provide expert training together with support as needed.

With the right business software solution you will have more control and transparency on the financial performance of your business...knowledge is power!

If you have been considering a change or want to find out more about how the right software solutions will work for you, contact the team today on 07 889 7153 or megan.s@cooperaidken.co.nz



VANESSA, MEGAN AND MILLY - OUR SOFTWARE TEAM

Providing Business solution plans for:

- Xero
- MYOB
- Banklink
- Figured
- Cash Manager
- Rural
- AgriSmart

What is BNI?

BNI® = Business Networking International, a concept that began with it's first chapter in America in 1985 and came to New Zealand in 1999 through the efforts of Graham Southwell.

BNI has a clear goal of keeping and growing business within a community and a base philosophy of "Givers Gain". The drive of each chapter is for each member to do their best to help the other members grow and provide strong business through quality business referrals around each member's networks.

BNI Morrinsville was started in 2010 and right from the start CooperAitken has had both Accounting and Human Resources team members as proactive members. Being proactive members also sees our team stepping up into leadership roles and on the current committee Rory and Amy job share the education role and John is the new member mentor.

Anyone can visit the group to see how it works and how it could benefit them. So if you would like to grow your business with a group of like-minded business people who are supportive of our wonderful community, BNI could be well worth a visit or two.

Feel free to contact John, Rory or Amy at CooperAitken Morrinsville or Carissa or Anna in Matamata to find out more.