

THE BALANCESHEET

Summer 2015



Merry Christmas

We have enjoyed working alongside all our clients throughout 2015, and we would like to wish you a very Happy Christmas and Prosperous New Year.

Holiday office hours

Our offices will be closed from 4pm on Wednesday, 23 December 2015 and will reopen at 8.30 am on Monday, 11 January 2016.



MORRINSVILLE

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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.

Herd of Cows - now a herd of 42

As the founding member and naming sponsor of the Morrinsville Herd of Cows, CooperAitken is delighted at the momentum this community project has gained.

With a further 27 cows unveiled in November, there are now 42 cows in the trail.

Our second cow, 'Spirit', greets you as you arrive at our Morrinsville office. Artist Paul Bradley, when describing the artwork said, "The tree is a symbol of both growth and of generations; a family tree. The tree wraps around the person and speaks of the connection between environment and people. We depend on the land as it provides us with food, livelihoods and a



place to be. One side of the cow features the rolling hills, the other features water; the Piako river. The birds are flying high; symbols of possibility and freedom."

Our 2016 desk calendar has images of the cows and is our gift to you.

Introducing our Trust team

We have a new Trust Team at CooperAitken. Our Trust Manager is Megan Wood, a qualified lawyer who has come to us from a law firm. Megan undertakes the management of the trust division. This includes specialised trust work and review of trust administration, with a focus on our role as independent trustee of trusts. Our Trust Administrator, Kate Russell, also comes to us from a law firm and is an experienced assistant. Kate undertakes the administration of the



trust division, including communication with clients and preparation of agendas for annual trust meetings. Kate ensures all trust records are kept up to date.



Welcome

We welcome **Shaan Cowling** to our team in Thames as our new receptionist. Having recently moved to Te Puru with her partner, Shaan is very much looking forward to greeting you when you visit our Thames office. She enjoys ballet, fishing, gardening, and spending time with her family and friends.



Thames team

Rodney Aitken and **Trevor Cooper** are regularly in Thames working with the team to help and support our clients. So please pop in and say hello to them all.

Congratulations

Congratulations to **Amy** and **Craig Coombes** on the birth of their second son, **Toby**, born 26 October 2015.



Future newsletters

This is the last newsletter that we will be printing and posting out. In future the newsletter will be emailed to you and will be available on our website:

www.cooperaitken.co.nz/news

If you still haven't advised us of your email address, please do so as soon as possible so you can continue to receive our newsletter and invitations to seminars, as well as important updates.

Community spirited

Charity Days

Our team support many charity days throughout the year, and below is a medley of photos taken throughout 2015.



Fun Run

The Morrinsville College Fun Run was supported by CooperAitken and many from the team took part.



Directors Duties


Directors are responsible for managing the company's day-to-day business.

A director of a company must not act, or agree to the company acting, in a manner that contravenes the Companies Act 1993 or the constitution of the company.

Directors must:

- Act in good faith and in the best interests of the company
- Act honestly and with care
- Not carry on business in a manner likely to create a substantial risk of serious loss to the company's creditors
- Make provision for the benefit of employees

- Exercise a power of proper purpose, and care, diligence and skill
- Abide by the solvency test, i.e.:
 - The company must be able to pay its debts as they fall due
 - The company must own more assets than liabilities
- Ensure filing obligations with the Companies Office are met, and correct records are prepared and kept

 If you require further information or would like to discuss our company administration service, please contact Shirley Scherer, our companies administrator, on 07 8898859.

Rewarding employees at Christmas is still a taxing time...



There are many ways to reward your employees and knowing the tax implications may help you decide what benefits you give.

Rewards such as paying a bonus, giving gifts or vouchers, or putting on a Christmas function are all treated quite differently for tax purposes.

If you put on a Christmas function for your staff, whether at work or at another venue, you are able to claim 50% as a tax deductible expense. If the Christmas function includes hiring a band or other entertainment, this is also 50% deductible. Transport costs to the function are 100% deductible but subject to FBT (Fringe Benefit Tax).

Gifts or vouchers given to staff are generally 100% income tax deductible. However, there are thresholds for the value of gifts which apply and, when exceeded, FBT will be payable. For example, if the gifts are less than \$300 per quarter, per employee and no more than \$22,500 for all employees during the year, then there will be no FBT.

A cash bonus to an employee must be taxed as remuneration and PAYE is payable. So when offering the cash bonus, you need to be specific as to whether the amount is gross or net to avoid misunderstandings. If the bonus is payable at the employers discretion, it is unlikely to be included in the calculation for annual holiday pay. However, if it is linked to productivity, or referred to in the employment contract it will be used for annual holiday pay calculations.

In summary, keeping within the gift thresholds will avoid FBT, and with a cash bonus you must deduct PAYE. A gift voucher is 100% tax deductible but generally you cannot claim GST. A physical gift is 100% tax deductible and you can claim the GST.

We advise you to talk with us before making any decisions on rewarding employees, as the rules are complex.



An employee who is Christmas partying too much could potentially come to work under the influence of alcohol or illicit substances, or both. This creates safety issues, work output issues, behaviour issues - anything from attendance to other disruptions and additional costs if things are not done right requiring work to be redone or production lost.

To protect yourself, make sure your company policies (usually found in your business handbook) and your employment agreements have clauses making it a serious misconduct incident for an employee to attend work in this state.

The next step, should this happen, would be to request the employee to accompany you to the doctors (at your cost) for a blood test. If the employee refuses, you are able to assume that they have something to hide, and you may proceed with formal action in terms of your policies and employment agreement. Another issue at this time of year, is an employee who at the staff Christmas party damages the hosts facilities, or a complaint is made about their inappropriate behaviour. In this situation the employer is liable for the costs of damage, as vicarious liability links damage on a work function to the employer's wallet. The employer is also just as liable in the requirement on them to manage an employee who behaves inappropriately at the Christmas party as they are in usual working hours. Remind staff of your work policies and, that whilst you want them to enjoy themselves, be very clear about the behaviour you expect from them.

 If you need any help or have any questions, call or email John Brosnan 07 889 8838 or john@cooperaitken.co.nz

Paying employees over the festive season

Christmas and New Year's days fall on a Friday, and Boxing Day and 2 January are on a Saturday.

Therefore the statutory holidays for Christmas Day and New Years Day are observed on the actual days, and the statutory holidays for Boxing Day and January 2nd

are 'Mondayised' for those employees who usually only work Monday to Friday. That means those days will transfer to the following Monday.

If an employee would usually work on the Friday or Monday, and works on these days, they are entitled to be paid at time and a half for the

time they work plus receive a day in lieu at another date. However if the employee would usually work the Friday and Saturday (for example farm workers), then those are the two statutory days and they would get time and a half for those days, plus the days in lieu. No matter if you work six

days a week or five, you still only get the two statutory days for each break. If you hire someone to work on these days, and they do not normally work these days for you, they still need to be paid time and a half for the hours worked but you do not need to give them any days in lieu.

Buying, selling or transferring New Zealand property changes from 1 October 2015

An amendment to the Land Transfer Act 1952 will require vendors and purchasers in a property transfer transaction to provide a tax statement.

This applies to all interests in land, e.g. fee simple, leasehold and licence to occupy. This will apply to your trust when you are buying and/or selling land. This is something that your lawyer should prepare and advise you on as part of the conveyancing process. The tax statement requires details of the property, the buyer/seller, non-notifiable transfer reasons (where an exemption from providing tax details applies), tax details at the date of the statement (including NZ IRD number) and signature.

You can claim an exemption from providing tax details if:

- The property being transferred qualifies as your 'main home';
- The property is being sold due to a mortgagee sale, rating sale, Court ordered sale or statute ordered sale;
- You are transferring the property on behalf of a public or local authority (as defined in the Income Tax Act 2007);



- You are acting as executor/administrator of an estate.

The 'main home' exemption applies if the property is mainly used as a residence by you and your family, and you have the greatest connection to it if you have more than one home. The 'main home' exemption cannot be used if the vendor/purchaser is not a natural person and this includes trusts.

Also offshore people and entities will need to supply a New Zealand IRD number and a taxpayer identification number from any country where they currently have to pay tax on worldwide income. To apply for a New Zealand IRD

number you must have a fully functional New Zealand bank account.

For a trust, the IRD number needs to be the trust's IRD number, not the trustees personal IRD number. We understand some trusts do not have an IRD number and so this is something that needs to be considered in advance so as to ensure any purchase/sale of property is not held up due to the need to arrange an IRD number. Our tax team can organise this for you.

For more information see: www.ird.govt.nz/propertychanges or contact the Trust team.

Paying your ACC Levies On-line

When paying your ACC levies by Internet Banking ensure you enter the correct reference number and particulars, so your payment is allocated to the correct ACC account to avoid penalties and cancellations.

Particulars: ACC Levy Account name – This is the ACC Account holders name

Payee Code: ACC number – This is found on the front page, in the top right hand corner and will consist of letters and numbers

Reference: Invoice number – This is found on page 3, in the top right hand corner and will start with 'IPS'

Also...

- If paying multiple invoices, you will need to pay these separately with their own reference numbers
- Remember every Individual, Employer and Shareholder ACC account has different reference details



- Set up payees in your internet banking with different reference details if you pay more than one ACC account
- Double check the payment details before confirming the payment

If you have any questions, or think you may have paid the wrong account, please contact our friendly ACC Team at CooperAitken for assistance.

Paying CooperAitken On-line

When paying by Internet Banking please:

- use your client code in the CODE box, and;
- invoice number in the REFERENCE box

this will ensure we apply it to the correct invoice.

Our bank account number for internet payments is 12-3123-0002472-51 - (some banks use 3 characters for the last section, in which case it would be 12-3123-0002472-051).

You can also pay by credit card, Eftpos, automatic payments, cheque and FeeSmart.

If you would like to discuss these options please contact Karleen Sutton on 07 889 8882.