

DAA Bulletin

Quote

*“If your actions
inspire others to
dream more, do more,
and become more,
you are a leader.”*

- John Quincy
Adams



DODD AND ASSOCIATES LTD
CHARTERED ACCOUNTANTS

Five principles to great leadership

1. Develop and grow trust
2. Gain clarity
3. Over communicate
4. Grow people
5. Align the organisation's systems

Tax Rules for Holiday Homes

From the beginning of the 2013–14 tax year owners of “mixed-use” holiday homes will have to work out their income tax obligations differently.

You have a mixed-use holiday home if, during the tax year, your property is used both for “private use” and “income-earning use”, and it’s also unoccupied for 62 days or more.

Exemptions

If your income from income-earning use is less than \$4,000 for the year, you can opt to keep the holiday home outside the tax system. That means your rental activity doesn’t need to be included in your income tax return. You don’t return any of your income and you can’t claim any of your expenses for the holiday home. You can also choose for your rental activity to remain outside the tax system if:

- you make a loss, and
- your gross income from income-earning use is less than 2% of the rateable value of the property.

What expenses are deductible?

Expenses from mixed-use holiday homes fall into three categories:

1. Fully deductible. You can claim 100% of any expense which relates solely to the income-earning use of the holiday home. Examples: Costs of advertising for tenants, costs of repairing damage caused by tenants.

2. Not deductible. You can’t claim any expenses relating to the private use of the holiday home. Example: Costs of a boat and quad bike stored in a locked garage and unavailable to the non-associated people renting the holiday home.

3. Apportioned. If an expense relates to both income earning use and private use, you need to apportion it using this formula:

Apportionment formula:

$$\text{Expense} \times \frac{\text{income-earning days}}{\text{income-earning days} + \text{private-use days}}$$

Examples: mortgage interest, rates, insurance, repairs for general wear and tear.

Carry forward of losses

If you make a loss from your mixed-use holiday home, and your gross income from income-earning use is less than 2% of the rateable value of the property, you can’t claim the loss in the current year. You’ll have to carry forward the loss to offset against income from your holiday home in a future tax year.

As always, if you are in this situation you will need to see us to ensure you are claiming all relevant expenses while abiding by income tax law. If you are unsure about your status consult the expert team at DAA.

Hiring Staff

If you are looking to hire staff it can be a scary and daunting prospect as you never know who or what you will get. Will they live up to expectations? Have they been creative in their CV? Do they actually know their stuff? These are some questions that you may ask yourself and sometimes you will get it wrong. If you get it wrong don't give up, try again. We have three simple tips that may help you when it comes to hiring staff.

CV Is A Piece Of Paper

A CV is a paper record of what the person has done and achieved so far in their life and that is it. A CV should not be used as solely the basis of selecting a person for an interview. A person with a large range of experience can sometimes be better than a person who has two or three qualifications. Don't discount people who don't have an outstanding education. Life skills and experience can be far more valuable in a business than theory and knowledge.

Personality

Does the person who fits your criteria have personality? Can they fit with the rest of your staff? Can they fit with you? If you answer no to any of these questions are they really the right person? In an ideal world you want someone who is fun, friendly and caring as they will fit better into existing teams and be adaptable to your business environment. Conduct group interviews and see how people respond. Yes everyone is going to be nervous but those with personality will stand out. Of course depending upon your business someone with a dominant and boisterous personality is likely not to be for you unless that is what you want.

When To Hire

There is never a right time to hire anyone and you sometimes have to take the plunge and bring in new blood to reinvigorate the business. Hiring staff will take time but the rewards can be big. When you make the decision you should meet a lot of people, ask about them and their careers and also tell them about yourself and the Company. Don't rush the process but don't drag it out or you could lose that person you want. Remember they are going to play a big part in making your business a success.

When you do find the right person make the job offer and get them on board. Here at DAA we can assist with putting together the job offer including the employment agreement and can also take care of your payroll requirements for you. We are only a phone call or email away when you need our help.

Marketing tips

3 steps to begin to know your target market

- Don't try to be all things to all people as you will end up being nothing to no-one.
- Know what your core business is and is not
- Establish who your ideal customers are and are not



Customer service quotes and tips

"Better Client Experiences = Better Profits...Simple"

Customer Value

Understanding the differing forms of value through customer experiences. How can you increase each value area?

• Repeat value

= the additional revenue that results from a customer choosing to do business with you over time

• Incremental value

= the additional revenue that results from a customer spending more per transaction.

• Strategic value

= the additional revenue that results from a customer buying other goods & services

• Advocacy value

= the additional value that results from a customer influencing others to buy from you.

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