

DAA Bulletin

Wine Announcement

Congratulations
**Georgia Fitton and
Keegan Smith of
Keegan Smith
Builders Limited**
you are this month's
winner of DAA's monthly
wine draw!
To be in to win next
month simply pay any
invoice within 10 days of
the date issued, it's that
simple!

Xero Price Increase

Xero has just made the announcement that as from 1st December 2015 the price of their service will be increasing on a monthly basis. The price for a standard subscription will increase from \$50+GST per month to \$55+GST per month. This equates to an additional \$60+GST per year for their service. If you are currently subscribing to Xero through DAA we will automatically adjust the pricing as from 1st December and your invoices from that date will reflect the new price.

Xero have advised that the cost increase is needed to better reflect what is on offer in Xero now and also to allow them to continue innovations within their service. Some of the improvements Xero have highlighted leading to the price increase include easier to track costs that need to be passed onto customers, copying invoices, merging invoices into one invoice, online quotes and payroll.

We know that for some people this increase will be tough and it may mean that you wish to review whether you remain using Xero or move to a different service. For some businesses the fully online option from MYOB being MYOB Essentials at a starting price of \$23+GST per month may be an option. If you wish to review whether to stay on Xero or move to a different platform please contact us here at DAA and we will take you through the pros and cons of the offerings out there.

Employee or Contractor?

If you use the services of a contractor on a regular basis then Employments Relations Authority Case *Davis v Hard Yards Brick/Block & Landscape Limited* [2015 NZERA Christchurch 121; 17/08/2015; H Doyle] is important. It has warning for everyone that you need to be very clear from the start as to whether an employee or contractor.

Mr Davis claimed he was an employee of Hard Yards from May 2013 until he was terminated in October 2014. Hard Yards said that at all times Mr Davis was engaged as an independent contractor under a contract for service. The Authority was firstly required to determine whether Mr Davis was an employee under a contract of service or an independent contractor under a contract for service.

The managing directors of Hard Yards, Mr and Mrs Groufsky worked in the business. Mr Davis, a qualified brick and block layer, met with Mr Groufsky and it was common ground that there was some discussion about Mr Davis being taken on as a contractor.

Mr Davis returned a signed copy of a contract for service which outlined that the contractor agreed to provide services as an independent contractor and accepted that they were not an employee. The relationship ended after Mr Davis raised an issue over payments.

The Authority considered the various tests to assist with determining the real nature of the relationship. In relation to control and integration the Authority accepted that the work Mr Davis did could have been undertaken by an employee or an independent contractor. There was a reasonable level of control over how Mr Davis performed his tasks which was consistent with an employment relationship. Some control was not inconsistent with the contract for services which provided for controls on the quality of service provided and the timing of service provided.

Consideration was given to whether Mr Davis was effectively working on his own account. Hard Yards deducted withholding tax and Mr Davis claimed business expenses as tax deductions during the period. It was found that the fundamental test favoured a contracting relationship.

The Authority concluded that the intention of the parties at the outset was for a contracting relationship and engagement of Mr Davis as a labour only tradesperson. There were some factors pointing towards an employment relationship but viewed overall the real nature of the relationship was not one of employer/employee.

Changes to property rules and IRD number application as at 1st October 2015

Property rules will change on 1st October 2015. If you're buying or selling a NZ property, you need to know the following:

For New Zealand citizens and residents:

You'll need to provide your IRD number, unless you're buying or selling your main home.

You'll need to provide your taxpayer identification number (TIN) from any overseas countries where you have to pay tax on your worldwide income, if you have one.

You'll have to give your property lawyer or conveyancer this information. You may choose to do this by filling in a Land Transfer Tax Statement, which is available on the Land Information New Zealand (LINZ) website.

If you're transferring property that's in trust, you'll supply the IRD number for the trust. Trustees' IRD numbers can not be accepted.

For Everyone else:

You'll need to provide your New Zealand IRD number

You'll need to provide your taxpayer identification number (TIN) from any countries where you have to pay tax on your worldwide income.

You'll give your property lawyer or conveyancer this information. You may choose to do this by filling in a Land Transfer Tax Statement, which is available on the Land Information New Zealand (LINZ) website.

The following people need to follow the requirement listed above for "Everyone Else":

A New Zealand citizen who has been overseas continuously for the last three or more years, or have a New Zealand residency visa and have been overseas continuously for the last year or more.

Some people will be partway through the process of buying, selling or transferring a property on 1st October 2015 when these new rules come into effect. These rules will not apply where the:

Contract for the transfer is entered into before 1st October 2015, and
Transfer is registered with LINZ on or before 1st April 2016.

IRD No. Application changes:

On 1st October 2015 offshore people and entities must have a fully functional NZ bank account before applying for a NZ IRD number.

IRD will introduce 2 IRD Number application forms for people who are non-residents or offshore (one for individuals and another for companies, trusts, partnerships and other entities).

IRD will also update existing application forms to include just the info NZ citizens and residents need to provide when they apply for an IRD number.

The new IRD number application forms will replace the existing form on 1st October 2015.



CHARTERED ACCOUNTANTS

Bonus Beans

Is everyone excited about our bonus beans?

We have been busy collecting them all up so keep an eye on your inbox because statements will be on their way soon!

Who knew that counting beans



would be so much fun!?

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