



---

## CHARTERED ACCOUNTANTS

---

### **2017 Tax Returns**

For those clients with a 31 March balance date the end of the financial year is very near and the requirement to prepare your tax return fast approaching. As with previous years we will be sending out the end of year questionnaire detailing the information that we need from you to prepare your tax return. This year this questionnaire is very different and based on feedback from the client testing group easier to complete. The biggest change you will notice is the questions asked and the yes/no answers required. They have been simplified and written in friendlier language.

When you receive this questionnaire and compile your tax information it is CRUCIAL that it be completed in FULL. If you do not complete the questionnaire and information is later discovered to be missing as a result it can result in additional costs. These additional costs are reopening your tax return with IRD, preparing new reports and monitoring the changes being implemented by IRD. It can also increase the possibility of IRD looking at your tax return in closer scrutiny and potentially moving to an audit situation. If you complete the questionnaire in full and provide everything it lowers your risk and saves you additional costs and hassle as a result.

When completing the questionnaire if you are uncertain about anything contact anyone in the DAA team and they can assist. It is better to ask and do it right the first time than not ask at all and miss important information out.



## Processing Your 2017 Financial Statements

Here at DAA we are always looking at ways of improving and changing to better meet the needs of our clients. This year our focus has been on the preparation of financial statements and income tax returns. We have identified from careful monitoring over the last 12 months that at some stage during many jobs we have been stopped from completing the reports due to missing information. And then to compound it further we have been experiencing prolonged delays in getting the missing information.

Having recognised the biggest issue in completing your reports we are now implementing new proactive procedures which should allow us to deliver your reports in a timelier manner and increase relevancy. It will also ensure the costs of having your financial statements prepared do not increase due to prolonged delays and missing information.

The most notable steps amongst many that we are implementing this year are:

1. When your work is received it will be heavily scrutinised by our workflow manager, Belinda, and she will be in contact for any missing information. Until the missing information is received the job will not be ready for processing. Once information received the job will be ready for processing.
2. When an accountant commences your job they will give you a courtesy call to advise that they are commencing on your job and to ascertain that you are available should there be any questions that need answering. If you are unavailable we will halt the job until you are available so that we can keep the job progressing.
3. If there are any questions an accountant will email these to you and also phone to say that there are questions and to advise of the email being sent. The accountant will

also follow up within 48 hours to ascertain progress on the questions raised.

4. If there is considerable information needed to be provided which was not originally provided a member of the DAA team will be available to collect this (where appropriate) from you if posting / emailing / delivering to our office is an issue. This would be a no cost to yourself, it is a means for us to ensure that your work is not delayed.

We believe that by implementing these steps we can process your financial statements and income tax returns in a timelier manner. We welcome any feedback at any stage from you and improvements that we can make to better serve your need and deliver these key reports.



**The end of the financial year is upon us so now is a great time to review your Accounts Payables and Receivables.**

**Print out an Accounts Receivables report:**

- For MYOB Essentials head to Reports, All Reports and select Unpaid Invoices report.
- For Xero go to Reports, Aged Receivables and select the correct date
- In MYOB AccountRight, go into Reports, select Sales, and then select the Receivables Reconciliation (summary) Report.

This will provide you with a list of customers who still owe you money. Make a quick scan of the list to ensure it is accurate, there will be 3 types of Accounts Receivable:

- Customers who may have paid, but the payment was put against sales instead of the invoice. These payments will need to be reversed and redone.
- Customers who will pay but have been slow about making payments. Try to give them a nudge to pay before March 31, sometimes they are more willing to pay since the payment is an extra deduction before their end of year tax bill is calculated.
- Customers who haven't paid who are not going to pay. You will need to highlight these people as bad debts and make an entry to write them off prior to 31 March.

**Print out an Accounts Payables report:**

This is similar to what you just did for your Accounts Receivables.

- In MYOB Essentials, go to Reports, select All Reports and choose Unpaid Bills report
- In Xero go to Reports, Aged Payables and select the correct date
- In MYOB AccountRight, go into Reports, select Purchases, and then select the Payable Reconciliation (summary) Report

Just as with Customers you will have 3 categories of Accounts Payables to check.

- Suppliers you have paid but you may have recorded the payment against the expense rather than the invoice. These payments will need to be removed and redone.
- Suppliers that will be paid, however you have not done so as yet. You may want to talk to your accountant about these and discuss if you should try to get these paid before March 31.
- Suppliers who you will not be paying, maybe their product was not up to standard and you returned it, or the bill is still in dispute. Now is a good time to contact the supplier and maybe compromise with them to achieve a resolution you are both happy with. You may need to raise a credit note in your system to tidy these up.



## Cloud Vulnerability

As some of you may be aware, on March 1<sup>st</sup> Xero was offline for a few hours when their United States based storage facility AWS crashed.

The biggest advantage of cloud software is that you can access it anytime from anywhere, however, as with any system sometimes there are problems.

Xero uses AWS for their cloud storage and AWS has multiple redundancies built into their system which means that if a small part breaks then the system adjusts and diverts around it while it is repaired, similar to how if you were on your way somewhere and heard there was an accident you would take a different road to avoid that area.

In the case of AWS though the part that broke was big enough that when the load was spread to other parts of the system they also overloaded and went down. As each system fails it creates more strain on the remaining parts. So in this scenario, you take that other road to avoid traffic but another accident happens since there are so many more vehicles in the area now. As more people avoid the areas, more traffic is diverted to areas it isn't normally, increasing the likelihood of delays and accidents.

Any system can fail. The recent fires in Christchurch caused multiple power outages to large parts of the city that were nowhere near the fires. Fortunately the chances of such a large failures, while not impossible, are extremely small.

Here at DAA we still think that accounting systems that rely on the cloud are great and a small amount of downtime very rarely is worth the benefits that are gained



"Tell us what  
you think!"



## GST Feedback

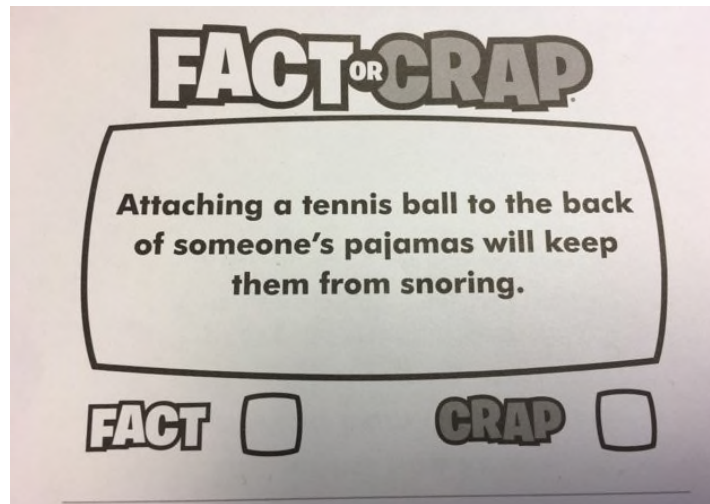
As you are aware, the IRD have updated its GST system and with everything new there are teething issues. A meeting recently with IRD allowed us to put forward our feedback and it was mentioned that clients may not feel they have anyone directly to do the same with. This is where we are asking for any feedback direct from you. This will go on to an IRD representative which will provide them with feedback from both and agency and client point of view. So any concerns or feedback you may have, send them to us and we will get them to IRD on behalf of you.

## Tax Tip

Start the new year by making sure that your employees are using the correct tax code. Having your employees to fill in a new IR330 will ensure that you know of any changes to their income and that they won't end up with a bill at the end of the year.

## ***Fact Or Crap ? ?***

- Want the answer? Read through this newsletter then you will find it out.



**Budget 2016 has introduced some business tax changes that will come into effect on 1 April 2017. You may be affected by the changes:**

#### **If you pay schedular payments**

##### **Tax rate notification for contractors (IR330C) form**

From 1 April 2017 if you have contractors receiving schedular payments and they want to change their tax rate or if a new contractor starts working for you, you'll need to give them a [Tax rate notification for contractors \(IR330C\)](#) form instead of the Tax code declaration (IR330) form.

#### **Variable tax rates**

From 1 April 2017 contractors subject to the schedular payment rules can choose

their own tax rate when they complete the IR330C, subject to minimums.

If you use payroll software, your software should already be able to accept variable tax rates. If you're unsure, check with your software provider.

### **If you receive schedular payments**

#### **Tax rate notification for contractors (IR330C) form**

From 1 April 2017 if you're receiving schedular payments and you want to change your tax rate or if you start working for someone new, you'll have to complete a Tax rate notification for contractors (IR330C) form instead of the Tax code declaration (IR330) form.

#### **Choosing your own tax rate**

If you're receiving schedular payments and the standard rate for your activity doesn't best fit your circumstances you'll be able to choose your own rate, subject to minimums, by [completing an IR330C](#) and giving it to the person paying you (payer).

### **If you're a labour hire business and you pay contractors**

If you're a labour hire business and you pay contractors to do work for your clients under a [labour hire arrangement](#), from 1 April 2017 these payments come under the schedular payment rules.

You'll need to deduct tax from all payments made to these contractors on or after 1 April even if the work has been completed prior to this date and include the details of the payment(s) and tax deduction(s) on your employer monthly schedule, just like you would with any other schedular payment.

If you're making these payments to someone who holds an existing certificate of exemption (COE) from 1 April you will need to treat the COE as a 0% special tax rate certificate until the earlier of the expiry date or 31 March 2018. This means you must now include all the relevant details for the payments on your employer monthly schedule, even though no tax is deducted.

Labour hire businesses can include recruitment and on-hire companies.

### **If you aren't able to be ready for the 1 April changes**

If you're a labour hire business and you'd need to incur unreasonable costs to have



systems in place to enable you to comply with the changes on 1 April you can delay the date you start complying to the **earlier** of:

- 1 July 2017, or
- the date you can start complying.

If you qualify for the extension you must be able to comply with the changes from 1 July 2017 at the very latest. There will be no further extensions.

### **If you're a contractor working for a labour hire business, eg recruitment company**

If you work under a labour hire arrangement for a labour hire business and you're not an employee receiving salary or wages you'll need to complete a Tax rate notification (IR330C) and have tax deducted from the payments made to you.

### **Changes to provisional tax use-of-money interest (UOMI) rules**

To provide more certainty, the use-of-money interest rules relating to provisional tax have changed for most people using the standard method. The changes include:

- When determining the interest start date, the \$50,000 RIT [threshold](#) for individuals using the standard option has been increased to \$60,000.
- This threshold will also apply to non-individuals.

### **Monthly incremental late payment penalties**

The 1% monthly incremental late payment penalty will no longer be charged on:

- GST debts for the period ending 31 March 2017 and later
- income tax (including provisional tax) for the 2017-18 and later income years, and
- Working for Families Tax Credits overpayments for the 2017-18 and later income years.



## **DAA Prize Draw!**

Congratulations to

**Michael Sampson**

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!

## **-----Tractor Wanted-----**

Do you have an old and dead tractor that is gathering dust on your property and which could be used as a piece of playground equipment? We have a kindergarten client who is looking for an old tractor so that children can play on and pretend to be farmers. If you have a tractor that might be suitable please contact Kerry to discuss further.

## **DAA Clients Making Headlines**

A big congratulations to one of our clients, Dr Tania McWilliams, who competed in and won the Motatapu 15km Miners Trail on 4<sup>th</sup> March and in an outstanding time 1:24:13! Tania you did such an amazing job!

Congratulations to Crystal Glass 2014 Ltd who was awarded Certificate of Top Achievement for the top tradie rating and consistent delivery of high quality

tradesmanship in Feb 2017.



If you are looking for an entertainment book providing discounts on restaurants and family activities then here is the opportunity to purchase. One of our clients is fundraising through the sale of these books. Follow this link to purchase <http://www.entbook.co.nz/93p9376>. For every person who purchases a book they will be put into the draw for a special Selwyn Kids prize.

An advertisement for Selwyn Kids. On the left is a cartoon illustration of a blue and red kiwi bird. The text reads: 'Selwyn Kids are fundraising with the Entertainment Book this year! To order yours today follow the link below: <http://www.entbook.co.nz/93p9376>'. Below this is the 'Selwyn Kids' logo and the tagline 'Selwyn's favourite childcare services'. On the right, a circular badge says 'Still just \$65 giving you over \$20,000 of value!' next to an image of an Entertainment Book.

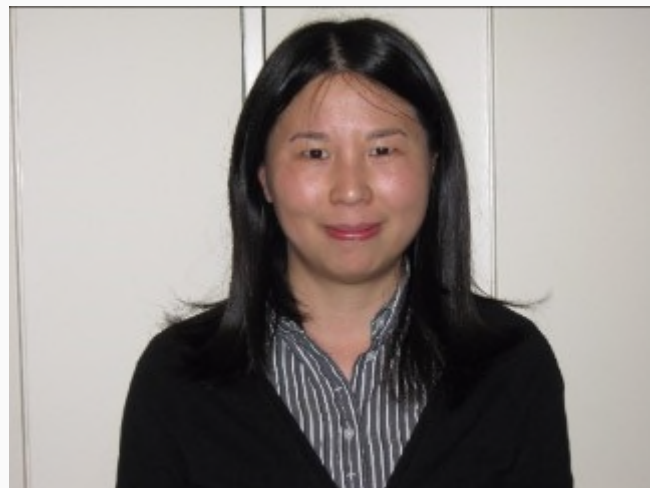
## Work Anniversary @ DAA

This month at DAA is super busy with lots of celebrations. Rachael is at her 17<sup>th</sup> work anniversary, she just spoilt herself with a nice holiday overseas and is now feeling awesome and full of energy. Kerry is celebrating his 21<sup>st</sup> Work Anniversary with smiley balloons in his office. Even Belinda is celebrating her 2<sup>nd</sup> year at DAA today with something special - maybe

dancing, maybe singing who knows, let's get some music for her.

We also take this opportunity to introduce to you our staff Kate Kennedy's cute little girl Eliza. Congratulations Kate we are so proud of you!





## Staff Spotlight

**Name:** Jenny Hu

**Position:** Accountant

**How Long At DAA:** Nearly 10 Years

**Interests:** Photography

**Favourite Part of Job:** Play Balloon Volleyball with Casey

**Motto or Personal Mantra:** Think positively, everything must have a balance

**I'm Proudest Of:** My family who support me always

**Pet Peeve:** Leave dishes unwashed in the kitchen

**Before I Die, I Would Like To:** Visit Antarctica

**Favourite Vehicle:** Any type safe to drive

**Top Business Tip:** Plan ahead, manage your time efficiently

**FACT**

**The tennis ball keeps  
the person from rolling over  
and back-sleeping, and so  
prevents most snoring.  
A "backhanded" technique  
with an "ace advantage."**



---

*Copyright © 2017 Dodd & Associates Limited, All rights reserved.*

You are receiving this email as a member of the DAA mailing list for newsletters.

**Our mailing address is:**

Dodd & Associates Limited  
PO Box 42113  
Tower Junction  
Christchurch, Can 8149  
New Zealand

[Add us to your address book](#)

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#)

MailChimp