

NEWSLETTER – JUNE 2019

IR WEBSITE / MYIR LOGINS

The new Inland Revenue (IR) website went live on 26th April.

There are a few known issues that IR are rectifying, and some changes that we just have to get used to. Some things for you to note are:

- * Please take care when making tax payments to get the reference right so that your payment is credited to the correct tax type and year, otherwise IR may refund it.
- * As there is often a delay between you making a payment and IR processing a return, you may notice myIR showing a credit balance in the meantime.

* Please contact us if you receive a refund you were not expecting. If it was issued in error you have up to 20 working days to repay the same amount to IR and avoid consequences such as penalties and interest charges.

IR Correspondence.

The new IR website and technology platform is a lot more automated, so you may get correspondence directly from IR in addition to the tax notices that you get from us.

We are finding this is causing confusion as the information that IR sends to you can be different to what we have advised, as sometimes the IR are not aware of all the facts, or they haven't processed all the paperwork we have sent them yet.

Please ring us to clarify any information received directly from IR if this differs from what you have received from us.

Tax Refunds

As from 1 April 2019, all refunds of overpaid tax will be made via a direct credit into a bank account. (i.e. no more Cheques). This means we may need to ask you to provide or confirm bank account numbers (and name of account). You may notice a new green slip attached to your tax return when we send it to you for signing, please ensure you complete and return to us.

The IR have automated the tax refund process for many non business customers, based on the information they have to hand. If you or your family members receive a tax refund and you think IR don't have all the correct information, please contact us.

Be aware of scammers. There have been a number of scams around for a while that purports to be from IR saying you have a refund due and all they need are your bank details etc. Please take care, and only upload bank details directly to the IR website via your MYIR Login. www.ird.govt.nz/

BUDGET ANNOUNCEMENTS

The budget was delivered on 30th May 2019.

As previously indicated by the Prime Minister, it focused on the following 5 areas in NZ's first "Wellbeing" budget:

Boosting innovation, Creating opportunities, Backing Māori & Pasifika, Supporting Mental Health, Improving Child Wellbeing.

Tax was much less of a centrepiece than historical budgets with the focus on business as usual.

Funding for these areas is to come largely from growth in the economy & existing tax types. Increasing tax revenue without any significant changes such as a capital gains tax is likely to be gradual and dealt with through tax policy changes.

SOFTWARE STATUS

In addition to our Diamond Partner status with MYOB, we are also a Gold Partner with Xero.

We have experts in both systems here, so if you have a problem with or question about your software, give us a call.

In keeping up with technology changes, you may notice that the annual financial statements have a different look about them, as we move our internal system more and more into the cloud.



Diamond
Partner



GOLD
PARTNER

EMPLOYEE UPDATE

We are pleased to have had Rodney McKenzie join the firm in the last few months. Rodney brings with him a wealth of knowledge of the agribusiness sector and a keen interest in technology. Rodney is an expert user of both Xero and Cash manager rural, as well as a number of other software solutions.

We welcome Rodney and his clients to the firm.

RESERVE BANK REVIEW

The OCR was reduced on the 8 May to 1.50%, and this has had an effect on interest rates, good or bad depending on your situation.

In February the Reserve Bank announced a review of how our banks fund themselves, to ensure that they will continue to be in good financial health should an economic shock or correction happen.

In essence the Reserve Bank want the banks to hold more capital in their business. Currently for every \$1,000 they lend out they are required to hold approximately \$100 or 10%. The Reserve Bank want that increased to between 15%-16%.

This will have a flow on effect into the economy, which may include

- It being harder to obtain finance
- Interest rates on lending being increased
- Interest rates on term deposits being decreased
- Dividends being paid to bank shareholders being reduced

The Reserve Bank is currently analysing the many submissions they have received regarding the review, so it could be some time before any changes are announced.

INVOICING & TERMS OF TRADE

A common failing in businesses is to treat the sale as everything (or certainly the most exciting part) and that invoicing can be done later. The sooner you invoice customers, the sooner you can get paid, as there is no rule that states invoicing should be left until the end of the month.

Many people seem to think that 'payment by the 20th of the month following invoice date' is a tradition that has to be followed. It is not, and is just a legacy from manual invoicing systems and the post and pay by cheque days. Instead, we suggest completing invoices as sales are made and email/post them off promptly.

This is particularly applicable if you are selling to the general public, rather than business to business.

You could consider changing your payment terms for new customers to: 'Terms: payment within 7 days'.

For existing customers you could phase in the new terms (for example, announce the change will take place at the start of the next financial year).

SMS SERVICE

We have recently subscribed to an SMS service, which allows us to send you an email that you receive as a text and when you reply by text, we receive an email. This will enable you to get updates from us without clogging up your inbox, and we can still store them in our document management system.

If you think an SMS service would be good for your business, let us know and we will give you the details.

PREPARING A BUSINESS FOR SALE

You can think about selling your business at any stage, from before you launch to approaching retirement.

There are a number of things you can do to maximise the value you get for selling your business, and some of them take time to implement.

A new owner will want to hit the ground running, so just think about some of the things you have been meaning to get around too, and that will be a good place to start.

For help to come up with a comprehensive list, give us a call.

BUDGETING SOFTWARE

In business, being able to accurately forecast profitability and cash availability or constraints will greatly assist you manage your business.

Many of the off the shelf accounting systems are great at recording the past, but the real value comes from being able to use your information to forecast the future.

This helps you ensure funds are available when needed. We use a number of different solutions depending on your business and your reporting requirements, to make sure you know where your business is headed.

Contact us to discuss what options will work best for you.

Barraclough & Associates Ltd

Phone (07) 847 5646

E-mail reception@jcrb.co.nz

The information contained in this bulletin is of a general nature and should be used as a guide only. It is recommended to clients that before acting upon this information they should consult a senior representative of this firm. This publication should not be reproduced in any way without the express permission of the authors.