

## NEWSLETTER – MARCH 2020

### NO MORE CHEQUES

As previously advised, Inland Revenue, ACC & Kiwibank are no longer accepting cheques. If you still use cheques, start preparing to change the way you pay.

With this policy from IRD, and others the era of the chequebook is coming to an end.



### PRE BALANCE DATE CHECKLISTS

2020 pre-balance date checklists for 31 March balance dates have been posted or emailed to clients in early March. Please ensure you read these and action any matters you need to before 31 March 2020, e.g. ensure any bad debts are written off before 31 March 2020 and make any necessary prepayments for expenses you wish to claim this year.

### 2020 ELECTION

The 2020 general election will be held on September 19.



We will also be voting on two referendums;

- Cannabis Legalisation and Control Bill, and
- End of Life Choice Act 2019

The votes on the referendums won't be counted on election night, with the results announced 2 October.

### DONATION RECEIPTS

If you are considering making a donation sometime soon, then consider making it before 31 March. You will then be able to claim the tax rebate this year, rather than waiting another 12 months.

### MINIMUM WAGE

On 1 April 2020;

The adult minimum wage will increase from \$17.70 to \$18.90, and those on the starting-out and training wages will also increase to \$15.12 per hour.

## TRAVEL FROM HOME TO A DISTANT WORKPLACE

IR have recently clarified the tax treatment for travel expenses for travel from home to a distant workplace.

Employer-provided travel from home to a distant workplace will be taxable (and subject to FBT or income tax) unless one of the following applies:

- the travel is one-off or very occasional (de minimis applies);
- the travel relates to a temporary posting or secondment (up to two years);
- the employee also genuinely works at a hometown workplace;
- the employee works from home on specified days (home being their place of work on those days, and the travel relates to one of those days).

[www.ird.govt.nz](http://www.ird.govt.nz) (Search keyword OS 19/05)

### TELEPHONE ALLOWANCE

If you have an employee who provides their own cellphone and you wish to reimburse them for the business use, there are certain limits as to how much is tax free to the employee.

Class A – Principally business use – tax free limit is 75% of total bill paid by employee.

Class B – Principally private use – tax free limit is 25% of total bill paid by employee.

### CORONAVIRUS

While many businesses are already feeling the economic affects, the long term impacts are still unknown.

Many organisations and councils are putting in place contingency plans for the “What- If Scenarios”

Your contingency plan should consider.

- Insisting employees stay away if sick or recently been overseas
- Employees maybe needing additional leave for isolation and recuperation
- Key Suppliers not being able to supply products – do you have an alternative supplier
- International Travel Disruptions

### GLOBAL CHILD SUPPORT

NZ is set to join the global child support initiative. It will help Inland Revenue find liable parents living overseas and recover payments which till now could only be enforced via a court order in those countries. It will also mean that liable parents can't hide in NZ and escape their obligations. It is expected come into force in April 2021.

## TECHONOLOGY

### MYOB Portal

We are looking to make better use of our MYOB portal, which enables us to send you information more securely than email, and enables you to sign various documents digitally without having to print and scan back to us. You can also upload documents for us, which is useful for large files too big for email. If you would like to know more, let us know, and we will send you some more information. You may also get an invite from us to sign up.

### Domain Names

If your email address is often misspelt, so that a number of emails go missing, see if you can buy the misspelt domain name, and then forward the emails from that domain to your correct email address. This could save you time chasing up emails you never get or money on lost sales.

### MYOB Update

If you are using MYOB Essentials or AccountRight, the MYOB Capture App makes filing all the little dockets electronically a breeze. If your invoices have been emailed to you, forward them directly to your Essentials or AccountRight in-tray for coding and filing.

MYOB has now teamed up with Bunnings & others, so you can send all invoices straight to your MYOB file.

### Xero Update

On 18 March 2020, the price for Xero Starter plans will increase by \$2.50 a month and Xero Standard and Premium by \$2 a month. However a Xero add-on called Hubdoc, which has a retail price of \$27.50 a month, will be included in Starter, Standard and Premium plans. Have a look at the Hubdoc page for more information.

<https://www.hubdoc.com/>

Please contact us to discuss if any of these are of interest.

## OCR ANNOUNCEMENT

The Reserve Bank announcement on the 12 February left the OCR unchanged at 1%.

The next Reserve Bank announcement is due on the 25 March.

For the Reserve Bank summary go to

<https://www.rbnz.govt.nz/news/2020/02/official-cash-rate-remains-at-1-percent>

It could be a good time to review your interest rate strategy on your borrowings.

## CASHFLOWS AND BUDGETING

It's that time of year that businesses should be planning for the year ahead. That said, a lot of small businesses focus on new work and increasing their business profits, but pay little attention to the impact these plans have on their annual cash flow and banking facilities required to get them there. We have some really good software to help create cash flow forecasts that include a profit and loss, cash flow and balance sheet position on a monthly basis. If you are struggling to get your business to that next level and don't think your current cash flow facilities will allow you to achieve your goals, then get in touch and let's see how we can help.

## SPONSORSHIPS

The tax deductibility of sponsorship of sports or cultural events is subject to a number of tests.

- there must be a nexus between the event, the audience and your business.
- The organisation must promote your business in more than a minor way.
- Private enjoyment must be minor or ancillary.

As always with tax law, it depends on the facts. So if you are looking at sponsoring an event, please contact us so you get the maximum tax benefit.

## ASK FOR HELP

Being in business can be lonely and stressful.

Sometimes you can't see the wood for the trees.

There is always light at the end of the tunnel, no matter how long the tunnel seems.

If you are feeling like there is no end in sight, please ask for help or alternatively call any of the following.

Lifeline	0800 543 354
Youthline	0800 376 633
Samaritans	0800 726 666
Suicide Crisis Helpline	0508 828 865
Anxiety New Zealand	0800 269 4389
Families Helpline	0800 732 825

**Barraclough & Associates Ltd**

**Phone (07) 847 5646**

**E-mail [reception@jcrb.co.nz](mailto:reception@jcrb.co.nz)**

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