



# Oborn & Johnson

LIMITED

CHARTERED ACCOUNTANTS

Client Newsletter

[www.oborn.co.nz](http://www.oborn.co.nz)

March 2014

## Overseas pensions – deadline 31 March!

If you have an overseas pension which you think that at any stage you might like to bring back to New Zealand, please contact us urgently.

Legislation, which has been in the pipeline for at least two years, has only been passed three weeks ago. If you are going to bring a pension back to NZ, and have made an application before 31 March, then there is a significant tax saving.

Many people may not realise that bringing a lump sum back is not tax-free in NZ, and for this very short period of time, tax will be payable at about 5%, as opposed to your normal marginal tax rate. While this is currently 33%, there is no guarantee it will not increase in future.

It is important to contact us immediately if you have an overseas pension. Please ask to speak to Barbara, Alex or Kunal.

## End of the financial year

Every year we remind you of the things you need to do to help minimise tax and tidy up your affairs.

We are happy to supply a full "To Do" list of this on request; however, the main things that clients in business need to remember to do before 31 March are:

- a) Write off any bad debts from your ledger;
- b) Do a stock take.

Please contact the accountant you deal with here if you want to discuss any further matters.

## Will you need your accounts urgently after 31 March?

If so, the sooner you let us know, the sooner we can book in your work.

We remind all clients that we will be sending questionnaires for you to fill in to assist in preparation of your year-end accounts. As we did last year, we will send these out gradually, so if you are looking for yours

and have not received it, please let us know and we will be happy to send the forms to you earlier.

When you receive the questionnaire, please read through it carefully and remember to sign before sending it back. Also, let us know of any changes to your circumstances (business, trust, bank accounts, etc.), especially if these are not already on the questionnaire.

Most clients will be receiving these in the week commencing 31 March. We time sending these out based on your usual pattern of the time you bring in your accounts throughout the year.

## Audit Shield

Most clients will have received an invitation to participate in Audit Shield. We have had a good response to this so far (both from clients who are taking it up as they see the need for it, and those who do not require it and have advised us so). We have been asked a number of questions about Audit Shield; please [click here](#) to see them on our website.

One interesting (and reasonable) response we have had has been "Well, I'm honest, and as you're doing your job – it shouldn't be a problem!"

While we used to live in a world where this was true, unfortunately, as three or four of our clients can attest, we now live in a world where Inland Revenue is exercising their right to ask all the questions they like, regardless of history and reality.

The current practice of Inland Revenue is often to ask more and more questions. While they very rarely find anything to their advantage, this is a costly exercise. In the past we have heavily discounted the time we have spent on this for clients; however, we can no longer do so as this is becoming a major part of the relationship of tax payers with IRD.

As with any insurance, it is your choice whether you take this; however, the risk is there, and we are offering this product purely to help you should you feel the need.

*Providing Specialised Solutions for our Clients*

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## How is your record keeping?

With 31 March approaching, you might want to review your record keeping systems for your business.

We recommend and support Xero, BankLink, and Smart Payroll. We are happy to advise you as to the suitability of these or other systems for your business (see the next item for more details).

For the 2014/15 year, we are offering complimentary client folders for Business, Investment and Personal, with tabbed sections to assist you with your record keeping. If you would like one or more of these folders, please call or email the office and we'll send them out to you.

## So many business systems to choose from!

This is the perfect time of year to review any systems you have or decide whether you should begin with a new system.

This could include payroll systems, or computer systems such as Xero, BankLink, MYOB or iBizz. We can advise you on the system to best suit your needs, and this may not necessarily be the one you were thinking of.

We **highly** recommend you let us know which system you want and allow us to set it up for you. There are several benefits to you this way:

- a) If we buy Xero for you, we can pass along a discount;
- b) We make sure the system (ledger, codes, etc.) is set up correctly and matches our set up. This will allow seamless integration when we upload your accounts and reduces rework (and cost!);
- c) We can point you to the best training, as no matter how good the system is, it is essential to know exactly what you're doing.

There are changes to tax rates (including ACC) most years, so remember from 1 April (if you are not using a computerised payroll system) you will need to check the PAYE amounts for all of your employees.

We are happy to suggest a payroll system to suit you as there are a few options now in the marketplace, including cloud-based products. These systems will deduct the full amount of wages from your business bank account and ensure the correct payment is made to all employees, and that all deductions are paid to IRD on the correct date.

We will also advise when we are completing your 2014 accounts if we believe your current system best matches what you are doing (and if you currently don't have a system, we can suggest a good match).

## Are my accounts going to get cheaper?

You may have read in the newspaper recently that the IRD is introducing new regulations from 1 April. For many of our smaller businesses there will be a change in the standard of reporting required.

The introduction of new software in our office last year was partly because of these new regulations, and we will be working throughout this year to ensure you are getting the best possible deal for your own situation.

Remember, these changes are in effect for the 2014/15 year, so it is actually *next* year the change in reporting will be realised.

## OCR on the move

By now, no doubt you will be aware that the Reserve Bank has raised the Official Cash Rate to 2.75%. While it should eventually have flow-on effects for people investing funds, those who are borrowing will certainly already be feeling the effects.

If you want to discuss with us about fixing interest rates or any other matters regarding this, please let us know. However, we do recommend you keep in contact with your bank in any case.

## A cautionary tale for company directors

If you are going to sign up as a company director, Trustee or Guarantor, you really need to make sure you know what you're letting yourself in for.

You may have read of the recent case of The Easy Rider boat, which capsized in 2012. The director of the company which owned and operated the boat was neither master of the boat nor involved in the day to day running.

However, as director, she was found responsible and therefore liable under Maritime Safety regulations.

Be sure to take professional legal and accounting advice if you are going to hold an office in a company or Trust.

For the recent article in the NZ Herald, [click here](#).

## Trustee legislation

Since 2010, new Trustee regulation has been in the pipeline.

This has still not passed into law, and what was initially going to be a very codified set of rules for Trusts and Trustees looks to be slowly being watered down. However, we would prefer not to make any comment about this until it passes into law.

Watch this space, as we are keeping an eye on this.

## **We're changing our name!**

As indicated in the recent client survey, we are rebranding from 1 April under the name Miller Johnson Limited. This is the last newsletter we will be sending under the Oborn & Johnson banner. Just so you know what to look for, here is our new logo:



We are still the same people, offering the same friendly service working out of the same office, and we are looking to embrace the changes outlined in our newsletter above moving forward into the next few years.

Our new website is currently under development, and we will be launching it as soon as possible. If you have any questions or concerns, please don't hesitate to contact us.

We wish you all the best for the end of the financial year and look forward to working with you in the coming year.