



**CHARTERED ACCOUNTANTS**  
AUSTRALIA + NEW ZEALAND

## PARTNERS COMMENTS

The residential property market continues to thrive with rapid increases in Tauranga house prices over the last 12 months. This has unsurprisingly led to a significant increase in the number of new builds with a 45% increase in building consents issued over the past year.

It isn't only the residential housing market that is booming! Non-residential consents to the value of \$191 million were issued in Tauranga City during the year to March 2016 (an increase of 72%).

Conditions in the horticulture sector continue to look bright, particularly in the Kiwifruit Industry.

YRW are excited to see continued growth in our clients businesses, which span many industries.

*Steve Read*

Steve Read  
Principal

*Eric Woudberg*

Eric Woudberg  
Principal

*Raimarie Pointon*

Raimarie Pointon  
Principal

*Natalie Milne*

Natalie Milne  
Principal

## A GLIMPSE INTO THE FUTURE OF DAIRY FARMING?

YRW SOUTHLAND DAIRY FARMING CLIENTS, MARK AND LESLEY ROBINS AND CRAIG AND ROCHELLE ROBINS HAVE DEMONSTRATED THEIR CONFIDENCE IN THE INDUSTRY WITH THE RECENT COMPLETION OF THEIR STATE OF THE ART 720 BED WINTERING BARN.

In carrying out their due diligence for this project they were able to identify not only potential increases in milk production, but also significant savings in winter grazing, feed costs, labour and effluent disposal.

The efficiencies from the barn are going to significantly change the way the Robins' farm and we look forward to observing the positive outcomes over time.



Mark (left) and Craig Robins.



## FARMING THROUGH THE LOW PAYOUT SEASONS

THE FORECAST MILK PAYOUT FOR THE 2017 SEASON HAS BEEN ANNOUNCED AT \$4.25 PER KGMS AND WILL BRING ANOTHER TOUGH SEASON FOR MANY DAIRY FARMERS.

In a low payout environment dairy farmers should avoid focusing solely on cost reduction. Ideally they will look at ways to increase the efficiency of their farming systems to improve, or maintain, productivity over time whilst also achieving cost reductions.

Decisions on where to focus efforts needs to be supported by more formal decision making processes. This will include preparing budgets, ideally with a multi-year time horizon, with input from your accountant, bank manager and farm consultant.

We have seen most banking institutions being supportive of their dairy farming clients as they farm through the low payout seasons.

**If you have any questions particular to farming, please phone either Steve (ext 713) or Natalie (ext 712).**

### CONTACT US:

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# TAX UPDATE

## IRD ISSUES PAPER – MAKING TAX SIMPLER?

On the 13th of April the Government announced 16 new initiatives in the Making Tax Simpler series. Key highlights included:

- A new Accounting Income Method (AIM) option for paying provisional tax as businesses earn
- Removal of the 1% incremental late payment penalty for new debt in relation to GST, income tax and working for families tax credits
- Changes to use of money interest for standard provisional tax payers and removal of use of money interest charges on any underpayment of Provisional Tax at the first two instalment dates for all taxpayers who use the standard uplift method
- New withholding tax rate rules for contractors and labour hire firms to allow contractors to elect their own withholding tax rate to more accurately reflect the tax payable on income earned and reduce the impact of Provisional Taxes
- Information sharing with the Companies Office and credit reporting agencies to protect other businesses by allowing the IRD to report on significant tax debts
- Allow small companies providing motor vehicles to shareholder-employees to make private use adjustments instead of paying Fringe Benefit Tax (FBT)
- Removing the requirement to renew Resident Withholding Tax (RWT) exemption certificates annually

The most significant simplification measure for taxpayers is the AIM option for paying provisional tax. The Government is currently considering the feedback they received through the consultation process before they decide what the next steps are towards the simplification of tax.

Currently the objective of Provisional Tax is to ensure that taxpayers who do not have their tax deducted at source pay tax as their income is earned, as is the case with salary and wage earners and contractors subject to the withholding tax regime. However, this begins with the presumption that income is earned evenly over the year.

This presumption does not work well for businesses with seasonal or volatile incomes.

The GST ratio method for the calculation of Provisional Tax has gone somewhat to align payments with the cash flow of businesses, but is only available to GST registered entities (but not, for example, partnerships) and there is certain criteria that must be met before this option is able to be used.

Under the AIM proposal, from 1 April 2018, any business with gross turnover of less than \$5 million can meet their provisional tax obligations as the year progresses and avoid any use of money interest charges on any underpayment of



provisional tax. It is proposed that Provisional Tax payments will be made monthly for businesses registered for monthly GST returns. Or two-monthly for businesses on a two-monthly or six-monthly GST filing option, and for those not registered for GST.

*“Currently the objective of Provisional Tax is to ensure that taxpayers who do not have their tax deducted at source pay tax as their income is earned...”*

If a business' income drops significantly resulting in overpaid provisional tax, there is a proposed mechanism to have this paid back during the year rather than having to wait until their year end income tax returns are filed.

It appears that the AIM method will rely heavily on the use of accounting software systems to aid in the calculation of taxpayers Provisional Tax requirements. Enhancements will be required to all current software systems to allow for the calculation of Provisional Tax under this method.

It is still unclear as to whether the AIM method will be available to taxpayers that do not use accounting software.

Watch this space!

## VEHICLE MILEAGE RATE

The vehicle mileage reimbursement rate for income tax payers whose business travel is 5,000 km or less in a financial year has reduced from

74 cents to 72 cents per kilometre for both petrol and diesel vehicles for the 2016 income year. These rates are set retrospectively and apply from 1 April 2015.

Employers may use an alternative estimate other than the IRD's vehicle mileage rate when reimbursing employees for use of their private vehicle for business purposes. A common alternative is the per kilometre rates set annually by the New Zealand Automobile Association.

## IRD USE OF MONEY INTEREST (UOMI) CHANGES

The interest rate charged by Inland Revenue on underpaid tax dropped from 9.21% to 8.27%, and the rate paid to taxpayers on overpaid tax also dropped from 2.63% to 1.62% effective from 8 May 2016.

## EMPLOYMENT LAW CHANGES

Paid parental leave payments have increased from 16 weeks to 18 weeks from 1 April 2016. Parental leave payments have also been extended to non-standard workers (such as casual, seasonal, and employees with more than one employer) and those who have recently changed jobs. Parental leave payments also become available to eligible primary carers other than just the biological or formal adoptive parents.

From 1 April 2016 the minimum wage increased from \$12.20 per hour to \$15.25 per hour. It is important for employers to ensure they are getting their employees to keep accurate time records to ensure that a salaried worker's hourly rate does not fall below the minimum wage.

# VOTE RAIMARIE POINTON IN THE 2016 TECT TRUSTEE ELECTIONS



RAIMARIE POINTON, A PRINCIPAL OF YRW, HAS BEEN NOMINATED FOR THE 2016 TECT (TAURANGA ENERGY CONSUMER TRUST) TRUSTEE ELECTIONS.

Raimarie has a strong financial acumen and extensive leadership experience making her an ideal candidate to fill one of the three Trustee vacancies.

Raimarie's community involvement through participation in business, education and sporting in business, education and sporting organisations further qualifies her for this role. Raimarie has experienced first-hand the difference TECT can make and is passionate about helping the organisation continue its great work.

Keep an eye out for the voting papers being sent to TrustPower consumers from Monday 27th June 2016 and vote for Raimarie.

## CELEBRATING BUSINESS SUCCESS

### WESTPAC TAURANGA BUSINESS AWARDS

Online entries for the Westpac Business Awards are open the week beginning 14 July 2016 at <http://www.tauranga.org.nz/events-training-2/westpac-tauranga-business-awards/> and close on 2 September 2016. The Gala evening will be held on Friday the 14th of October 2016.

We know we have a number of clients with successful businesses that deserve to have their achievements recognised. We strongly encourage you to enter these awards.

### TAURANGA CHAMBER OF COMMERCE YOUNG PROFESSIONALS BALL & AWARDS

The launch of the Young Professionals Ball & Awards, and the opening date for nominations for the awards, is on 28 June 2016.

The award categories include:

- Employee of the year
- Young Business Owner of the year
- Young Innovator of the year
- Social Responsibility (e.g. Night Owl Cinema, Little Big Markets, Sundaise music festival)
- Employer of the Year

We are proud to be the principal sponsor of the awards gala and to have the opportunity to present the Young Read Woudberg Young Business Owner of the Year Award to a deserving business owner.

**Please phone either Steve, Eric, Raimarie or Natalie if you are interested in entering your business in the Westpac Tauranga Business Awards or the Tauranga Chamber of Commerce Young Professionals Ball and Awards.**

## GETTING CLOSER TO OUR CLIENTS IN TE PUKE

ON THE 1ST OF APRIL 2016 WE OPENED OUR SATELLITE OFFICE AT 19 JELlicOE STREET, TE PUKE. FOR APPOINTMENTS WITH KEY MEMBERS OF OUR TE PUKE TEAM PLEASE CALL US ON 07 573 3996.



# Events & Staff News

## Arrivals

Dianne Wood has been with the firm since September 2015 on a contract basis and we are thrilled to have her join the team on a permanent basis. Dianne is a senior accountant with extensive experience in business advisory services.

We are delighted to welcome our new graduate Vaughn Clinton to the accounting team. Vaughn graduated with a Bachelor of Management Studies with honours and has won a number of awards including NZICA's top graduate accountant and a Rotary Youth Leadership award.

Pictured - Vaughn Clinton

## Departures

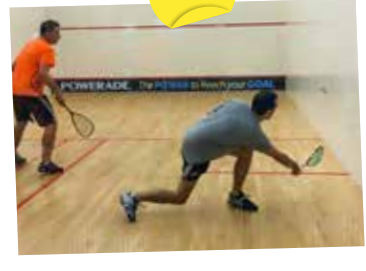
Sadly Jessica Wright and Camille Moore have been enjoying their new babies too much and have decided not to return after their maternity leave.

Samuel Gough is taking a new career direction and is looking forward to commencing an IT course next month.

We wish Jessica, Camille and Samuel all the very best for their future.

## Teambuilding

To celebrate the beginning of the new financial year, the YRW team spent an afternoon on the golf course at Okoroire. A day filled with loads of laughter and fun ... and occasionally some golf skills.



## Running, Cycling and Squash

The YRW team is a very active bunch. Recent exploits include half marathons, cycling events and a 6-week round of business house squash.

Pictured - Debbie Armstrong competing in the 148km Taranaki Cycle Challenge.

Pictured - Debbie Armstrong, Anna Christie and Rebecca Maulder after the Hawkes Bay Half Marathon.

Pictured - James Sherson taking a shot against his opponent at business house squash.



## Eric The Ironman

Eric Woudberg and his son Simon successfully completed the Taupo Full Ironman in March. A commendable effort, well done Eric and Simon!

# CONTACTS

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## CONTACT US:

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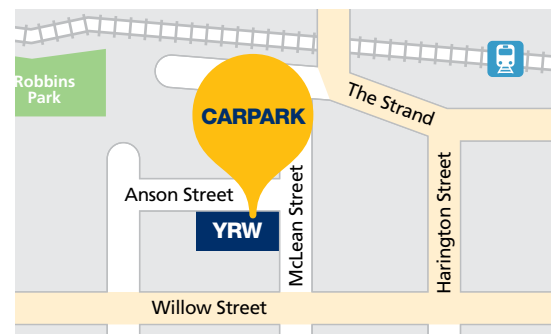
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## VISIT US:

### Carparking

We have six client carparks available underneath our building with entry from Anson Street. Please feel free to use them when visiting our office.



## IMPORTANT:

This newsletter is intended to be of a general nature only and should not be relied on in making business or personal decisions without first seeking advice from this office.