



**CHARTERED ACCOUNTANTS**  
AUSTRALIA + NEW ZEALAND

## INTRODUCING YRW'S NEW PARTNER...

The focus for YRW in 2015 is on ensuring that we are in the best possible position to partner with our clients in a world that is changing more rapidly than ever before.

YRW has always placed a strong emphasis on the benefits of utilising the best in technology. We have been early adopters of cloud computing for our clients and our own practice benefits from up to date technology and software systems.

We are now about to launch our social media profiles. Enhancements are being made to our website, and you will shortly be able to follow YRW on Facebook and Linked In.

We welcome your feedback as the various platforms are released and we look forward to having new ways to connect with our clients and business associates!

Steve Read *Steve Read*  
Principal

Eric Woudberg *Eric Woudberg*  
Principal

Raimarie Pointon *Raimarie Pointon*  
Principal

Natalie Milne *Natalie Milne*  
Principal

### WE ARE THRILLED TO ANNOUNCE THE APPOINTMENT OF NATALIE MILNE AS A PARTNER OF YOUNG READ WOUDBERG.

Natalie has more than a decade's Chartered Accounting experience at Young Read Woudberg, and has a diverse range of clients that span many industries. Aside from her accounting and taxation expertise, Natalie has specialist knowledge in foreign investment taxation, overseas pensions and farm accounting. She also has a high level of experience with accounting systems such as Xero, MYOB and Banklink, not to mention various payroll processing systems.

Natalie takes great pleasure in seeing her clients businesses develop and is also passionate about seeing

women in business thrive. Natalie is a keen committee member of the Tauranga Chamber of Commerce Business Women's Network.

When she's not in the office, Natalie enjoys family time with her husband Matt and their two boys Jake and Cooper.

Natalie is very much enjoying her new role as Partner so far and is looking forward to working alongside Steve, Eric and Raimarie to continue to provide exceptional services to our growing client base.



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# BUDGET 2015 – A “NO FRILLS” BUDGET

ON THE 21<sup>ST</sup> OF MAY 2015, THE NATIONAL GOVERNMENT RELEASED A BUDGET THAT REALLY DIDN'T COME WITH ANY BIG SURPRISES. POLITICALLY, IT WAS A VERY CLEVER BUDGET WITH NATIONAL PROVIDING ADDITIONAL SUPPORT FOR LOW-INCOME FAMILIES WHILE ALSO SIGNALLING POTENTIAL FUTURE TAX CUTS.

## THE FOLLOWING ADDITIONAL, ALBEIT MINOR, TAX MEASURES WERE ANNOUNCED:

### Confirmation of the two-year rule for sales of residential property

Sales of residential property will be subject to income tax when brought and sold within two years. The following exemptions apply to this two-year rule:

- Taxpayers selling their family home
- Inherited property, and
- Property that is being transferred as part of a relationship property settlement.

These rules will apply from 1 October 2015. From this date, IRD numbers will be required to be provided by anyone buying or selling land as part of the land registration process. This requirement applies to both New Zealand tax residents and non-residents. Non-residents will be required to provide their country's equivalent of an IRD number, and open a New Zealand bank account.

### \$1,000 KiwiSaver Kick-Start Repealed

The \$1,000 kick-start incentive for new KiwiSaver members has been repealed and is effective immediately following the budget announcement (from 21 May 2015). Removing the kick-start payment for future enrolments is expected to save the government over \$500 million over the next four years. The other KiwiSaver incentives – matching employer contributions and the annual government subsidy – will remain as they are.

### Working for Families (WFF) Scheme Changes

From 1 April 2016, both the WFF in-work tax credit and the WFF tax credit abatement rate will be increased:

- Low-income working families earning \$36,350 or less a year, before tax, will get \$12.50 per week from WFF, and some very low-income families will get \$24.50 per week extra.
- Working families earning more than \$36,350 will get extra from WFF, but it will be less than \$12.50 per week, with the exact amount depending on the level of their family income.
- Families earning more than \$88,000 per annum will get slightly lower WFF payments, with the average reduction being around \$3 per week.

### ACC and Income Tax Cuts

The Budget allows for further ACC levy cuts of \$375 million in 2016 and an additional \$120 million in 2017. It is anticipated that the cuts will cover all levied accounts, so this effectively represents a tax cut for businesses, earners and motor vehicle owners.

### More Flexibility in Dealing with Penalties for Child Support Debt

Inland Revenue will be adopting a more flexible approach to parents with child support debt, the aim being to ultimately achieve greater compliance. From 1 April 2016:

- The ability to write off monthly incremental penalties will be extended to more parents, and
- The test for writing off penalties will be changed to a more pragmatic “fair and reasonable” test.

Child support debt, or a portion of it, will now be forgiven in certain circumstances, including where liable parents are meeting their current payment requirements.

### Special Housing Providers – GST Exempt

The Government proposes to amend the Goods and Services Tax Act 1985 to clarify that payments made to social housing providers are GST-exempt (consistent with existing GST rules for providing residential accommodation).

### Inland Revenue's Compliance Budget

The Inland Revenue will receive, over the next five years, an additional \$74 million for compliance and enforcement on aggressive tax planning and hidden economy initiatives. Of this \$74 million, \$29 million is earmarked for focusing on property investment.

### Other Policies

- A new Border Clearance Levy has been introduced to fund passenger-related biosecurity and customs activity. The levy is expected to take effect from 1 January 2016 and, subject to consultation, will be approximately \$16 for arriving passengers and \$6 for departing passengers.
- Non-tertiary education (early childhood, primary and secondary education) has been allocated \$443 million of new operating funding and \$244 million of capital funding.
- The Budget invests \$1.7 billion of operating funding in the health sector over the next four years.
- The Future Investment Fund allocates \$939 million to new capital investment (i.e., delivering Ultra-Fast Broadband, improving rural broadband services, the replacement of Waitangi Wharf on the Chatham Islands, KiwiRail receives further capital funding). The Future Investment Fund is the name given to the proceeds from the partial privatisation of Air New Zealand, Genesis, Meridian Energy and other power companies.
- Research assistance has been provided to support the establishment of new, privately-led regional research institutes. The Budget will also give a \$80 million boost over four years to research and development grants.
- A forestry grant scheme has been established to encourage the planting of new forests.

Please contact Natalie Milne on Ext 712 should you wish to discuss how the 2015 Budget affects you.

# GOVERNANCE

## COMPANIES: MORE DETAIL REQUIRED BY THE COMPANIES OFFICE

Companies will now be required to provide additional information to the New Zealand Companies Office when filing company annual returns as a result of changes introduced by the Companies Amendment Act 2014.

The changes have been brought in to prevent the misuse of the Companies Register and to improve the quality and integrity held by the Registrar in relation to New Zealand companies.

These changes will be phased in throughout the year as follows:

### 1 May 2015

From this date, all applications to incorporate a New Zealand company will have to:

- Provide all directors' date and place of birth
- Have at least one director that either
  - Lives in New Zealand, or
  - Lives in Australia and is a director of an Australian incorporated company
- Provide details of their ultimate holding company if applicable.

New Zealand companies incorporated prior to 1 May 2015 will have until 28 October to comply with the new director requirements.

### 1 July 2015

From this date New Zealand companies incorporated prior to 1 May 2015 will now need to provide the following information when they file their annual returns:

- The date and place of birth of every director (this information won't be publicly viewable)
- Details of their ultimate holding company if applicable.

An annual return will not be able to be filed for a company if this information is not provided. Failure to file an annual return may result in the Registrar removing a company from the register.

### 29 October 2015

From this date New Zealand companies incorporated prior to 1 May 2015 must have at least one director who lives in New Zealand or Australia and if Australia, that individual must be a director of a company incorporated in Australia. Companies that do not comply may be removed from the register.

## LET YRW TAKE CARE OF YOUR COMPANY REGISTER

YRW provides quality company administration services to our clients and will ensure that your company remains compliant.

The company administration services we provide include:

- Incorporation of new companies
- Maintaining Company Registers
- Preparation and filing of Annual Company Returns with the Companies Office
- Preparation of all required Directors and Shareholders Resolutions
- Any changes that may be required, including documenting and registering changes to company Shareholders and Directors.

## A REMINDER TO TAKE CARE WHEN SETTING REMUNERATION

Rules exist to stop people paying too much salary or profit share to a family member as a way of paying less tax and business owners need to make sure any income allocated to a relative who is working in the business can be justified.

If the IRD investigates and decides that you have paid amounts that you cannot commercially justify, IRD can reallocate the income. In most cases the consequence will be a Use of Money Interest charge going back to the prior period/s as well as there being the potential for significant penalties.

Where this circumstance arises in small companies, the company income is increased by the amount assessed as being excessive and the shareholder is deemed to have received a dividend, with no Imputation credits attached, in their own name.

One defence against excess remuneration in a partnership or Look Through Company is to have an agreement setting the level of remuneration which must comply with these rules:

- Be in writing and signed by all parties
- Be binding for at least three years
- All partners or owners must be over the age of 20 **when** the contract was signed.

For partnerships, a partnership agreement must provide that each partner must have control over their share of profits and be liable for their share of losses.

For questions related to these topics, please telephone Steve Read on Ext 713.

## ▶ THE INDEPENDENT TRUSTEE

AT YRW WE PROVIDE INDEPENDENT TRUSTEE SERVICES ON BEHALF OF OUR CLIENTS AND THEIR FAMILY TRUSTS THROUGH A NUMBER OF INCORPORATED TRUSTEE COMPANIES.

Our trusteeship service includes ensuring that all aspects of the Trust's administration and operation are correctly documented, that record keeping is up to date and that accurate and timely reporting is maintained and communicated to all parties to the Trust.

We are currently investigating moving to a cloud based Trust Register as a further measure to ensure we maintain best practice in respect of our trusteeships.

Using an incorporated professional Trustee Company has many benefits including ensuring the highest level of fiduciary responsibility and support. It has the added advantage of providing continuity and accessibility as all our practice principals are both shareholders and directors of our Trustee Companies.

Some of our clients are now choosing to form their own Trustee Companies but appoint the principals of our practice as shareholders and directors while they are clients of YRW.

A subsequent change of Trustee requires only the transfer of shares and changes of Directorships with no update being needed in respect of land titles.

To discuss how we can assist with the administration of your Trust please telephone Raimarie Pointon on Ext 711.

# FUEL EXCISE DUTY REBATES

PETROL SOLD IN NZ HAS AN EXCISE DUTY APPLIED TO IT. DID YOU KNOW THAT YOU MAY BE ENTITLED TO A FUEL EXCISE DUTY REBATE FOR PETROL USED IN VEHICLES THAT AREN'T USED ON-ROAD?

Excise Duty does not apply to diesel. Instead of having the tax applied to the fuel, owners of diesel vehicles pay a road user charge based on mileage.

## Who is entitled to a refund?

You are entitled to a refund of the excise duty and the goods and services tax (GST) charged on motor spirits (i.e., petrol, CNG and LPG) that is used:

- As fuel in an exempted vehicle
- As fuel in a road user charges-licensed vehicle

- As fuel in a commercial vessel
- For search and rescue purposes in a dedicated rescue vessel
- For commercial purposes other than as fuel in any motor vehicle, vessel, or aircraft.

In general, exempted vehicles include agricultural vehicles, some mobile machinery and other commercial vehicles that don't travel on the road.

Commercial vessels are vessels that are operated exclusively or principally for commercial purposes (i.e., commercial fishing boats and charter boats). Such vessels are required by maritime law to be issued with a current Maritime Safety Authority (MSA) number or have an approved safety plan.

Information about Safe Ship Management requirements and MSA numbers can be found online at [www.maritimenz.govt.nz](http://www.maritimenz.govt.nz) or by contacting Maritime New Zealand.

Other businesses that use petrol-powered equipment in their operations, such as hydraladas used by orchardists, may also be eligible.

Claim forms (MR70) are available from the New Zealand Transport Authority, or found at the following site: <http://www.nzta.govt.nz/resources/factsheets/14/excise-duty.html>

Some businesses have avoided making a claim because of the arduous claim forms and record keeping process.

There are intermediaries available that offer a user-friendly system to simplify the whole process. Please visit these websites for further details:

- [www.fuelrefunds.co.nz](http://www.fuelrefunds.co.nz)
- [www.offroadrefunds.co.nz](http://www.offroadrefunds.co.nz)

# YRW CONTINUES TO SUPPORT A RANGE OF LOCAL BUSINESS COMMUNITY INITIATIVES AND ORGANISATIONS INCLUDING -

## NZ GARDEN & ART FEST TRUST

James Sherson has been appointed a Trustee and Treasurer for this exceptional local initiative. Congratulations James!

## TAURANGA CHAMBER OF COMMERCE REGIONAL BUSINESS WOMEN'S CONFERENCE

YRW was delighted to support the 2015 Tauranga Chamber of Commerce Regional Business Women's Network Conference as a Partner sponsor. The conference is held bi-annually and attracts a high calibre of speakers from throughout New Zealand. This year's speakers included Kathryn Ryan, Sir Dryden Spring, Shelley Campbell (CEO of the Sir Peter Blake Trust) and Denise L'Estrange Corbet as well as celebrity master of ceremonies Amanda Billing. The conference was a huge success with a record number of attendees.

Natalie Milne is on the committee of the Business Women's Network that helps organise the conference. There are several other networking and speaker events held throughout the year. If you would like further information please contact Natalie or visit the Chamber of Commerce's website <http://www.tauranga.org.nz/events-calendar>

## ROCKET!

Rocket! is a group which encourages networking and development among local businesses and young professionals in the Bay and provides a forum to do this by hosting a number of great events throughout the year, including the annual Young Read Woudberg Rocket! Young Professional Awards and Ball. This is being held on the 3rd of October this year so make sure that you save the date!

You may have seen in the media that Rocket! has recently merged with Priority One's young professionals group. Having the two groups join their membership base and pool their resources is an exciting opportunity to advance their networking and advocacy roles on behalf of our young professionals.

Young Read Woudberg is proud to continue its sponsorship of Rocket! To receive information about future Rocket! events, please contact Rebecca Maulder on Ext 715 or [rebecca@yrw.co.nz](mailto:rebecca@yrw.co.nz).

## AND HERE IS ADVANCE NOTICE OF TWO MORE EXCITING INITIATIVES THAT WE ARE PROUD TO BE ASSOCIATED WITH -

### NATIONAL BUSINESS REVIEW (NBR)

Keep your eye out for our supporting advertisement in the special feature on Tauranga which is due out shortly.

### TEDxTauranga 2015

YRW is a gold sponsor of this event and Glen Lindsay has committed his time as a volunteer. We hope that many of our clients will be able to attend on 25 July at ASB Arena and if you would like more information on obtaining tickets, please phone Glen on Ext. 716.

**TED<sup>x</sup>Tauranga**  
x = independently organized TED event

# TAX AND GOVERNMENT SOCIAL POLICY CHANGES

## KIWISAVER AND FIRST HOME BUYERS

The dream of home ownership may become reality for a few more first-home buyers following the changes that came into effect on 1 April 2015. The three main changes were:

- A new KiwiSaver HomeStart Grant replaces the First-Home Deposit Subsidy. This provides up to \$20,000 for couples buying a newly built home who are earning less than \$120,000 and after 5 years of KiwiSaver contributions. The house price limits have also risen (\$350,000 to \$450,000 for Tauranga/Western Bay and up to \$550,000 in Auckland).
- First-home buyers can now withdraw all of their KiwiSaver savings except the \$1,000 kick-start (previously member tax credits from the government were also excluded).
- House price caps for Welcome Home Loans, where first-home buyers can obtain finance with only a 10% deposit, have been aligned with the new higher KiwiSaver caps.

## INCREASES IN PAID PARENTAL LEAVE AND THE PARENTAL TAX CREDIT (PTC) FROM APRIL

Paid parental leave has increased from 14 to 16 weeks effective from 1 April 2015.

For most people, paid parental leave payments will be higher than PTC payments, but it may be more beneficial to get PTC if:

- You earn less than \$19,350 a year before tax from the job that you're taking leave from
- You're expecting three or more children (e.g. from multiple birth or adoptions), or
- You're taking less than 16 weeks parental leave.

The PTC is a payment for a newborn baby. The payment has increased from \$150 per week to \$220 per week and is now available for ten weeks from the baby's birth date (previously 8 weeks).

## EMPLOYER RESPONSIBILITIES

### Minimum wage has increased

The adult minimum wage has increased from \$14.25 to \$14.75 an hour from 1 April 2015, following the annual minimum wage review by the Ministry of Business, Innovation and Employment.

The starting-out and training hourly minimum wages will increase by 40 cents to \$11.80 an hour from 1 April also, as this is set at 80 per cent of the adult minimum wage.

### Keeping accurate records

It is important to have systems in place to ensure that you keep accurate time and wage records that are compliant with employment legislation. A number of dairy farmers have been stung with hefty fines after they were found to have underpaid wages, which included paying below minimum wage, and not making adequate payments for statutory and holiday leave.

Are you keeping adequate time records for your employees?

### Do you want to make use of the 90 day trial period?

Please remember that employers are required to provide new employees with an employment agreement that they have signed and returned prior to commencing their employment for the employer to be able to exercise the 90 day trial period. A common mistake is to give the employment contract to the employee on their first day of work, which effectively voids the availability of the 90 day trial period to employers!

## USE OF MONEY (UOMI) RATES HAVE CHANGED

Please note that the Inland Revenue has increased its UOMI rates from the 8th of May 2015 as follows:

- Debit interest rate, interest charged on the short-payment of taxes, increased to 9.21% per annum (from 8.40% per annum)
- Credit interest rate, interest paid on the over-payment of taxes, increased to 2.63% per annum (from 1.75% per annum)



## DOES YOUR BUSINESS HAVE TRADING STOCK?

IRD rules provide that you should value stock taken for your own use at its market value. The basis for determining market value will vary as illustrated in the following examples:

- If you take raw materials to be used for manufacture, market value is their cost on the presumption that if you were to sell them in the same unfinished state, you would be unlikely to achieve a higher price for them than what you paid.
- If you take goods you have bought for resale, market value is your selling price.
- Baked goods taken from a café at the end of the day may be near valueless.

For advice on these or other tax matters, call Eric on Ext 708

## Staff Notice Board

### We bid farewell to Jan Hobson

Jan has decided that there may be life beyond the YRW office and she has chosen to retire. We appreciate that it is time for a more relaxed lifestyle for Jan and husband Robin, but she will be greatly missed by both her colleagues and her clients.

### Congratulations

We are delighted to announce that Camille Moore and Rebecca Maulder have both now completed their requirements to gain full membership of the College of Chartered Accountants.

And Chantelle Hodgson has successfully cross credited her overseas accounting qualifications to achieve membership of the Associate College of Chartered Accountants.

### The Woudberg athletic exploits continue

Eric and daughter Bridey competed in the Napier half Ironman with very creditable results. Eric came in 16th out of 45 in his division (male 50-54) and Bridey completed with a superb 5th out of 13 in her division (women 18-24). The photo says it all!

### And the stork has visited YRW

Jessica Wright and husband Haydon are the proud parents of a beautiful baby daughter. We wish them well at this special time.

### Everyone deserves some relaxation -

Double Strike - While fishing at White Island for the weekend, James Sherson caught these two Hapuka.



Jan Hobson

## CONTACTS

### Principals

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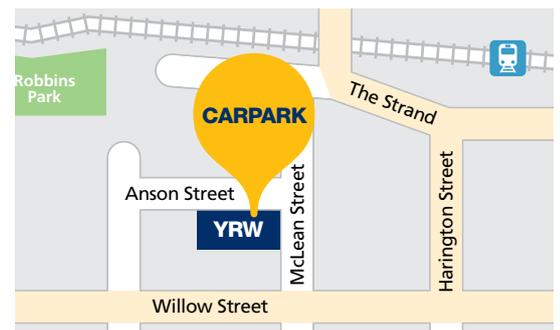
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### VISIT US:

#### 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.