



Newsletter: August 2014

In this issue:

1. Provisional tax reminder
2. Emailing provisional tax reminders
3. Fringe Benefit Tax (FBT)
4. Transfer of Australian super funds to KiwiSaver
5. Assistance with bank fees
6. Tech corner
7. Client profile - Yoshi Sushi and Bento

Provisional tax reminder

The first provisional tax payment for the year ending 31 March 2015 is due Thursday 28 August 2014. This applies to all taxpayers who pay provisional tax except those that pay GST six monthly.

Remember though that although your company may pay GST six-monthly you will still personally have to pay provisional tax at 28 August.

The amount to pay should be listed on your Payment Schedule from 2014 if we have already completed your 2014 work.

If you don't know if you have tax to pay or the amount of provisional tax to pay, please contact us before **28 August**.

Emailing provisional tax reminders

We have been asked a number of times by clients if they can get emailed reminders of the amount of provisional tax to pay. It is a great idea but Inland Revenue don't do this and our back office system that files tax with Inland Revenue doesn't do it either.

To fill the gap we have built a program that will extract tax payment information from our back office system and use this to email out personalised reminders of provisional and terminal tax payments due. Our first test of this new system will be for the provisional tax payment due on 28th August and all going well if you have a payment due then you will get an emailed reminder from us with the details in the next few days.

The usual caveats around email reminders apply, that is we can't guarantee delivery as email may be sidelined by junk mail filters or delayed by mail systems along the way. Also if you have changed your primary email address and you haven't told us about it yet then we may end up sending the reminder to an address you no longer use.

But caveats aside hopefully this is something that many of you will find really useful!

Fringe Benefit Tax (FBT)

We encourage businesses to consider owning a low cost vehicle through their company but you will need to be prepared to pay FBT on the cost.

Inland Revenue is very strict these days about the types of vehicles that have an exemption from FBT. In the past clients thought it was enough to have their logo spray painted over the vehicle but that is not enough. That's just advertising!

Exemptions from FBT

The vehicles that have an automatic exemption are vehicles over 3,500 kgs such as trucks and buses.

Smaller vehicles such as utes, vans, or vehicles with the rear seats permanently removed can be exempt from FBT if:

- the company name and logo are permanently displayed on the exterior of the

- vehicle,
- the driver has a letter from their employer saying that the vehicle can be used for work, including getting to and from work, but is not available for private use (although they can stop off at the PO Box, supermarket etc if it's on the way to or from work), and
 - the employer has completed quarterly checks to ensure that there has been no private use (this may be a question to the driver every quarter).

There is a partial exemption for days the vehicle is available for private use. For example if the vehicle is kept at work during the week (e.g. a pool car) and is only taken home at the weekends then it is available for private use 2 days a week and FBT is payable for those 2 days.

There are other minor exemptions but our advice is that if you have a vehicle that isn't huge and can carry passengers then be prepared to pay FBT.

Benefits

There are real benefits to having a company vehicle and paying FBT.

First you can claim all the running expenses such as petrol/ diesel, WOF and registration, maintenance work, new tyres etc. Plus you can claim GST on the purchase price as well as the GST on all the expenses, and depreciation on the cost. And you don't need to worry about when you use the car or what you use it for, nor do you need to worry about putting signage on it.

FBT Cost

FBT works really well for low cost vehicles. For example if you buy a \$5,000 car then the FBT will cost you \$623 a year or \$156 a quarter. The calculation is roughly 12%. Extrapolate that out for a \$40,000 car and you are looking at paying FBT of \$4,984 for the year or \$1,246 per quarter. The running costs are likely to be similar but at \$623 a year (and this is tax deductible) then you should easily be able to recover more than that cost by the GST and income tax savings from claiming the running costs. For most purchases the GST recovered in the first year more than pays for the FBT, even if you have to pay some GST back when you sell the vehicle.

Registering for FBT

If you buy your vehicle between 1 April and 30 June we can register you for FBT on an annual basis. This means you file one return at the end of the year and pay the

FBT on 7 April for the preceding year. If you're not registered by 30 June in the first year, for example if you buy the vehicle later in the year or if you're not registered by 30 June, then you will need to pay FBT quarterly for the first year but we can set you up for annual filing for the following year. As with all payments to Inland Revenue there are penalties and interest for late filing and payment.

Transferring a privately owned vehicle to the business

Rather than buying a vehicle for the company from an external source you may decide to sell an existing vehicle to your company. You'll need to know the market value and you can obtain this from a car yard (but it will need to be in writing) but practically we recommend you save the details of 3 similar make, model, and aged vehicles from Trade Me and take the average price as the market value. Remember to pay the cash to yourself and to transfer the ownership. To keep track of the petrol costs etc we recommend using the business credit card with a bank feed in Xero to ensure all costs are recorded.

Tell us what you're doing

Please tell us if you are buying a vehicle for your business or transferring a vehicle from your private ownership to your business. Too often we recommend it at the beginning of the year but only find out that you've bought a vehicle when we do your tax work more than a year later and FBT penalties and interest have been accumulating. These are avoidable!

Transfer of Australian super funds to KiwiSaver

Many New Zealanders have funds tied up in Australian Super Schemes which they can't access till they're 60. In July 2009 Finance Minister Bill English signed an agreement with then Australian Treasurer Wayne Swan to allow New Zealanders to transfer Australian super funds into KiwiSaver funds. The ATO estimated at that time that it held around \$16.6 billion in "lost accounts" in the Australian superannuation system, with an estimated 25% belonging to New Zealanders. The NZ legislation approving the transfers was passed in September 2010 with several caveats, for example, KiwiSaver members can't use the Australian funds to purchase their first home, Australian savings can only be withdrawn from KiwiSaver at age 60 if the member has retired, and KiwiSaver funds transferred to Australian schemes can only be withdrawn when members turn 65, as under the KiwiSaver rules. The changes were to take effect 1 July 2013.

All very well but very few people have been able to transfer their funds in the first year. Where the Australian super scheme has lost touch with the member, usually when they move or return to NZ, the funds are deposited with the Australian Tax Office (the ATO) as “lost accounts”. When the KiwiSaver member contacts the ATO to have the funds transferred to their KiwiSaver scheme they are told they have to first be lodged with an Australian super scheme. We understand this is very difficult to do from outside Australia.

Several NZ banks with branches in Australia have super funds that the funds can be transferred to from the ATO, and then transferred to that bank’s NZ KiwiSaver Scheme.

If you are having trouble tracking down your Australian super funds and suspect that they might be in the “lost accounts” at the ATO we recommend that you contact your bank to see if they can help.

Assistance with bank fees

If you are refinancing loans, particularly for your home loan, rental property loans or any business loan secured over your home, remember to ask your bank for assistance with legal fees. Clients buying their first home or rental property are often not aware of this and miss out.

Our experience is that if you don’t ask you won’t necessarily receive, and if you do ask they will pay an amount regardless of the actual cost of your legal fees. One client recently was asked by her partner’s bank to consider changing to them. She decided that changing her trust and rental property loans and day to day banking wasn’t worth the hassle. However when the bank gave her \$7,000 “assistance with legal fees” with no receipts required she decided it was worth while!

Note though that you will generally only get this benefit if you go directly to the bank. If you use a mortgage broker there may not be any assistance left after paying the broker’s fee.

Tech corner

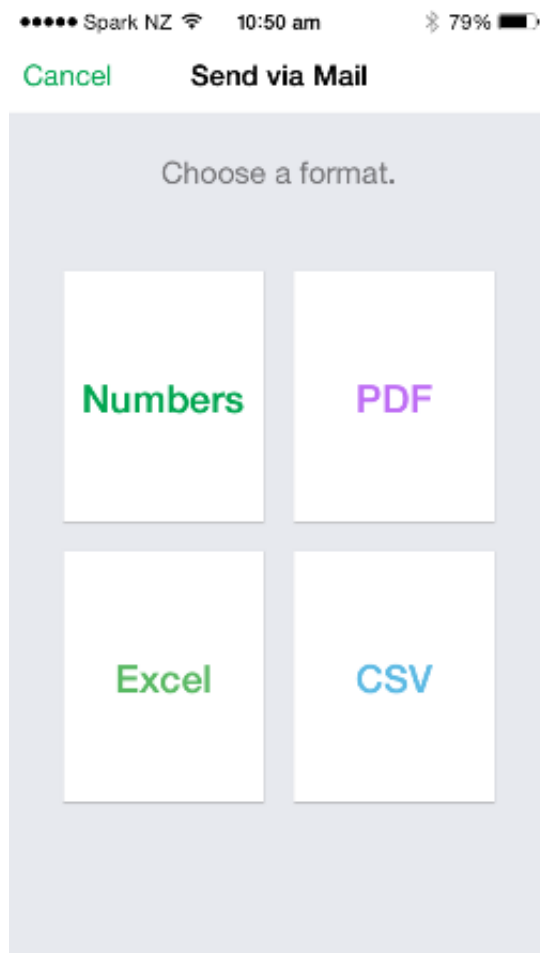
Converting Numbers spreadsheets to Excel using your phone

Sometimes clients email us in spreadsheets they have created in the Mac Numbers

program - this arrives as a zip file with all the bits that Numbers needs. As Excel can't read this format we need to convert it first and I usually do this by loading it into Numbers on my Mac and then exporting it as an Excel format spreadsheet.

However the other day one arrived and I didn't have my Mac with me so after a quick google I downloaded the free Numbers App for my iPhone (it is over 100MB so takes a while). Once installed I used it to convert the spread sheet to Excel using a quick nine step process!

1. Open the email with the Numbers attachment
2. Tap on the Numbers attachment in the email
3. Tap the Open in/Send to icon (top right) and tap the Numbers app
4. In the Numbers app tap to open the spreadsheet
5. In the spreadsheet tap the spanner (top right)
6. Select Share and Print then, Send a copy
7. Tap Mail
8. Then you get to choose a format to convert to – choose Excel
9. The Numbers spreadsheet is converted to Excel and attached to a draft email ready for sending



Better matching for repeating invoices in Xero

We use repeating invoices to generate invoices for our Xero subscriptions and also our Essential Business Package monthly payments. This means that there are often quite a few payments of the same \$ amount to reconcile against invoices in Xero, especially for the EBP invoices which get paid on the first of the month via AP.

The problem I had was that Xero didn't seem to match the payments to the right invoices consistently, sometimes it would but most of the time I had to use find and match to choose the right invoice.

I happened to run into Andrew Tokeley, Xero's product development manager, so I took the opportunity to suggest an enhancement to the invoice matching. It turned out that what I wanted was already in place, it just isn't well known. The trick is to set the reference field on the repeating invoice to be the same as the reference in the payment – if you do this Xero should match to the correct invoice.

Credit card bank feeds for Xero

Of the major banks ASB, BNZ and Kiwibank have direct bank feeds to Xero for credit cards. These work just like regular bank accounts and are very reliable.

If you have credit cards with ANZ or Westpac then you can still get bank feeds but they use the Yodlee system which uses your login details to login to the bank and collect the statement information - these feeds are not as reliable as the direct feeds and every time the bank changes their website or you change your banking password they stop working for a while.

This won't be a problem for much longer as both ANZ and Westpac are working on setting up direct connections to Xero. These should be in place by the end of the year.

Client profile - Yoshi Sushi and Bento

Yoshi Sushi and Bento make what David Burton has described as the best sushi and donburi in Wellington. Available from two stores, one in Featherston St and the other at the Parliament end of Lambton Quay, Yoshi is different to most other sushi outlets in Wellington. First it is a family owned business, not a franchise, and the recipes have been prepared by Yoshifumi Kono, a Japanese sushi chef, using Japanese ingredients to keep authentic Japanese texture and taste, unlike many sushi shops in Wellington that are Korean, Chinese or Vietnamese owned. The

menu is a collaboration between Yoshifumi and Helen, bringing a range of traditional sushi along with a few modernised options.

The business is run by Helen and Yoshifumi Kono who met while Helen was teaching English in Japan. Yoshi had a dream to open his own shop and so they decided to come to New Zealand to set up a real Japanese sushi store. That was in 2010 and now Yoshi tends to be found each day in the Lambton Quay store and Helen in Featherston St. Having Xero and iPayroll to help manage the business means they can easily track sales and costs by store on a daily basis, and frees up

[Subscribe](#)

[Share](#) ▼

[Past Issues](#)

[Transl](#)

I remember when sushi was a novelty in Wellington, around 25 years ago only available at the Sakura Restaurant and the Wakefield Market (both since closed). Increasingly appealing to NZ palettes, sushi is now available everywhere but with lots of variations. For example travelling in Chile last year I found almost all the sushi was filled with queso crema – cream cheese! I checked it out with Yoshi and he assured me it wouldn't be found in traditional Japanese sushi but of course the beauty of sushi is that you can make it to suit local conditions. Recently even in Japan there are several more casual sushi shops opening where you can find more varied types and flavours than the traditional sushi bars. And from having tasted sushi in Tokyo earlier this year I can vouch for the authenticity!



Follow on Twitter Forward to Friend

Copyright © 2014 Dowse Murray Chartered Accountants Ltd, All rights reserved.

unsubscribe from this list update subscription preferences

MailChimp.
