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Provisional tax reminder

The first provisional tax payment for the year ended 31 March 2016 is due 28 August 2015. This applies to taxpayers who are:

- registered for GST on a 2 monthly basis,
- not registered for GST. This includes most individuals.

We sent tax reminders out last week to clients that we prepare the tax returns for. If you are linked to our tax agency but we don't prepare your income tax return please check with Inland Revenue or your own records to check if you have tax to pay.

As a general rule, if we have already completed your tax return for the year ended 31 March 2015 then we would have told you details of the amount to pay when your work was completed. If we haven't completed your tax return for 2015 then the 28 August payment is based on your 2014 tax amount plus 10%.

If you think you may have tax to pay and you don't know the amount please get in touch as soon as possible as Inland Revenue charges interest and penalties on late payment.

GST on directors fees

The rules around GST on directors fees can be confusing. These can be summarised as follows:

GST registered

If you are GST registered and your directorship relates to your taxable activity then GST should be charged on your directors fees. For example, three physiotherapists contract their services to a company that they jointly own. They are also the three directors of the company. They are paid directors fees. As they are each GST registered for their contracted services then GST is charged on their directors fees as their director capacities relate to their GST registered taxable activity.

If you are GST registered and your directorship is unrelated to your taxable activity then GST does not need to be charged on your directors fees. For example a locum doctor may be GST registered for his sole trader consulting work. He is then appointed as a lay person on a communications company board. If this position is unrelated to his consulting work he may not need to charge GST on his directors fees.

Not GST registered

If you are not GST registered, for example you are an employee, and you are appointed as a director on the board of a company, then you do not need to charge GST. However if the directors fee is payable to your employer then GST may be charged and paid.

If you are not GST registered and you accept a directorship then you don't need to charge GST on your directors fees.

Fringe benefits on car parks

Car parks are treated differently for tax purposes – depending on where they are.

If an employer provides a car park to an employee, either on the employer's premises or from a parking facility leased by the employer with exclusive use of that parking space, then the employer doesn't have to pay Fringe Benefit Tax on it. However if an undesignated car park space is purchased or leased for an employee's use, for example an unspecified park in a car parking building, then FBT is payable by the employer.

Insurance deductibility

The new rules can be summarised as follows:

1. If an employer takes out a term life insurance policy for the benefit of an employee then the premium amount is deductible to the employer and fringe benefit tax is payable by the employer. The benefits under the policy are then paid out tax free to the employee.
 2. If an employee takes out a term life insurance policy on their own life but the premium is paid by the employer then the amount paid is deductible to the employer and is treated as employee remuneration and subject to PAYE. The benefits under the policy are then paid out tax free to the employee – or their estate.
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Tech corner

Spike by ikeGPS

If your job involves getting accurate measurements then you may be interested in [Spike by ikeGPS](#).



This remarkable tool, designed and built in Wellington, clips onto the back of your smartphone and turns it into a very accurate laser measurement tool. Spike allows you to measure an object simply with a snap from your Smartphone or Tablet. From that photo you can capture real time measurements including height, width, area, length, and target location. Measurements and location are saved with the picture, and can be easily shared via email.

I don't have a use for Spike yet but you do try or buy it let us know how you find it.

A really easy way to record and claim expenses in Xero

Xero is great – we are big fans of it here! But some bits are not quite as great as others, and the expense claims in Xero in particular have less greatness. They work but they are long winded, easy to get wrong and hard to fix if you do get it wrong. However the Xero app for iPhone/Android does have a neat feature where you can photograph a receipt and attach it to an expense claim all in one go so it is still tempting to use expense claims.

If you don't need the create/submit/approve/authorise/pay workflow wrapped around expense claims then there is a better way. Really fast, really easy.

[\[readon....\]](#)

Client Profile - Ad Protocol & Ed Protocol

Mike Pethig and Cate Shave are husband & wife/business partners who started to

work for themselves in 2005.

Mike leads Ad Protocol – a digital marketing consultancy that supports a range of clients with digital marketing strategies, Google AdWords management and tactical social media promotions.

Cate leads Ed Protocol – an instructional design consultancy that works with business, ITOs and educational institutions to design and deliver training programmes.

“We started working for ourselves because we wanted a more flexible way of raising our two girls”, says Cate. “We both love the work we do, and we wanted to work with clients on projects that we felt would make a difference.”

Mike adds, “Early on we got advice from a business mentor to develop multiple income streams, so we could weather the ups and downs that can affect cashflow. That was great advice as we’ve been lucky to both work in areas where we can add value quickly. Over the years we’ve also built up a team of trusted sub-contractors around us so we can offer our clients more end-to-end solutions.”



Cate also manages the financials for their business. “We find having trusted advisors, like an accountant who explains things to us in plain English and supports our use of Xero to manage the money side of things, helps us keep on top of the day-to-day tasks, freeing up time for us to do what we really enjoy and are good at, which is to make things happen for our clients.”

Their view for the future?

“Keeping up with technology and new best practices in both our fields is always the challenge when you work for yourself. We spend quite a bit of time upskilling and connecting with industry colleagues and contacts to keep aware of new ways of doing things. Making that commitment helps us deliver the best possible results for our clients.”

Disclaimer

This information is of a general nature and should not be relied upon for specific situations. Advice should be sought for your particular situation and we would be happy to talk to you further.

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