

Dowse Murray Chartered Accountants newsletter number 47
February 2014



Newsletter: February 2014

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Terminal tax reminder

The final, or what Inland Revenue refers to as, terminal tax payment for the year ended 31 March 2013 is due 7 April 2014. This applies to all taxpayers who still have tax to pay for the 2013 year. Penalties are charged if late! So please check the letter we would have sent you with last year's tax details to see if you have terminal tax to pay.

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

New website and newsletter

We have a new website – still at the same site www.dowsemurray.co.nz but with a new look and feel. Baubre and Martin's son, Nick, is a web developer so we arranged for him to update the website over the University break. Hope you like it.

If you'd like your business to feature on our testimonials page, then please send us a good quality photo and a testimonial. We'd like to rotate these to provide variety. And of course any feedback on the website would be appreciated.

You'll also notice that we have a new look and feel newsletter too. We've kept the PDF format for a while as it has been easiest for most people to access but we prefer the look and flexibility of the new format. PDFs will still be available on our website.

In our newsletters we'd like to profile stories on how we have (positively) impacted on clients' businesses so if you want to be included please send us a short paragraph and a photo.

Scheduling your work this year

Based on our experiences over the last few years, we've decided to give each client a scheduled date for their work this year. The scheduled date takes into account the urgency of your work (eg if you are in the estimation regime for provisional tax), timing of your work in the past (some clients prefer to do their tax work later in the year or need to wait for additional information), and our ability to deliver a three week turnaround.

In the past we have invited clients to pick a date that fitted into the above date criteria but many clients ignored the date they had chosen or just dropped their records off without having pre-selected a date. This made it difficult for us to provide you with a timely turnaround.

The approach this year is that we will email you in the next few weeks with a date if you are scheduled in the earlier part of the tax year. Our clients that are scheduled mid tax year and later on will be emailed over the course of the next few months with a date to confirm. We'd appreciate if you could confirm as soon as possible that the date would work for you. If not, then we can arrange a new date so please get back to us promptly so we can find an alternative date. It may be that the next available date is later in the year. Please feel free to ring or email our practice manager

Maryanne maryanne@dowsemurray.co.nz to find out when your work is scheduled or if you have any other questions about the scheduling of your work.

Maryanne will then email you a reminder a week beforehand and we would appreciate

receiving your completed checklist and records on the due date so we can turn around your work as soon as possible.

Free Xero Seminar in May

We are running a free Xero seminar on Monday 5 May from 5:30pm to 6:30pm at our offices on Level 7 166 Featherston Street Wellington.

The seminar will cover what Xero does, why you might want to use it, significant changes to Xero in the last year, what's coming up in the next year and useful add-ons.

If you want to find out more or register for the seminar email martin@dowsemurray.co.nz.

Update on foreign superannuation schemes

In our last newsletter we noted that foreign superannuation schemes need to be taxed under the FIF rules. To avoid this you can organise to bring the scheme to a recognised NZ scheme and you will only be taxed once on entry. The original date that you had to bring the funds to NZ was 31 March 2014, but this date has now been amended so that you only have to have the process underway by that date for the transfer to qualify for the discounted tax on entry. This amendment to the date has been because the transfer process is taking a long time.

Free payroll

[Thankyou Payroll](#) is a new cloud based payroll provider that we think you should take a look at, particularly if you don't already use a payroll provider and you are manually doing employee pays.

What's different about Thankyou Payroll is that they're *free*! How are they able to do this? Well, Inland Revenue provides a subsidy to payroll providers that supply payroll services to small businesses i.e. for employers whose annual PAYE and ESCT (Employer Superannuation Contribution Tax) is less than \$500,000. It's part of their work towards making payroll calculations more accurate for Inland Revenue and less time consuming for the small employer. Because Thankyou Payroll only provides payroll to small businesses and because they're efficient and cloud based, they are

able to provide the service for the amount of the subsidy which means it's free for you as the employer. It is also fully integrated with Xero. We recommend that you take a look, at www.thankyoupayroll.co.nz.

Benchmarking

We think benchmarking i.e. comparing your results with other, similar businesses, invaluable in working out how and what you can be improving in your business. Benchmarking requires a large number of contributors to obtain really useful information and we haven't found any general benchmarking in NZ that has the depth we require to provide reliable information to our clients.

However there are some options. Several industries have their own benchmarking services and we recommend you avail yourself of that information if you can. Xero is working on providing benchmarking information from its pool of users and Inland Revenue pulls information from the annual tax return information to provide some details at [IRD](#). In the absence of more accurate information for your industry or business we recommend you look at improving on last year's results as a starting point.

Xero update

The week before last most of the team at Dowse Murray went to Auckland to attend the 2014 Xero Conference, or xerocon as it is usually known. Baubre was speaking on the main stage on the afternoon of the first day about growing your practice so we booked flights to travel up that morning to arrive in time for Rod Drury's keynote address at 10am. We don't often get fog in Wellington but it rolled in that week and thoroughly disrupted our travel arrangements, in the end Baubre arrived just in time to give her presentation at 3pm, while Lucy and I arrived just as the first day ended and in time for nibbles and drinks. Sue was the only one of us that attended the first day in full as she had travelled from Nelson - no fog there!

So on day two Rod repeated his keynote address for all the Wellingtonians who had arrived late. Somehow I even managed to be a bit late to round two but I wasn't too worried as I was sure I'd heard it all before. As soon as I sat down I realised I was very wrong - Rod has an uncanny ability to enthuse and inject a sense of urgency or FOMO (fear of missing out) and it worked on me. I spent the rest of his address scribbling notes on my phone (we are paperless here).



Looking at them now the main points I got down were

- Xero has switched from Microsoft's [Office 365](#) to using [Google Apps](#) internally as it fits their cloud and collaborative culture better. However Rod still recommends businesses that are document centric (most accountants) use Office 365. We use Google Apps at Dowse Murray.
- Xero also uses Google [Chromecast](#) and Google Hangouts to provide inexpensive quality video conferencing and face to face calling.
- Businesses using Xero who have adopted the online invoicing and pay now facility Xero offer (in conjunction with payments gateways such as Paymark or eWay) have dropped average debtor days from 38 to 28.
- New Zealand banks are investing in integrating better with Xero. ASB have recently made bank direct feeds available for their credit cards and have implemented (in business banking anyway) a means to hook up bank feeds to Xero from within the ASB banking website. TSB are working on it.
- Xero is working with banks to integrate payments systems with Xero. Currently you can create accounts payable invoices in Xero, export a batch file and then upload it to the bank as a direct credit batch. In the future you Xero will talk directly to the banks so your payments batch is uploaded by pressing a button in Xero. The payment will still have to be authorised within the banks website or app.
- Xero is working with IRD to enable GST returns to be filed at IRD from within Xero.
- Xero is also working on new reporting, fixed assets, inventory and quotes.

Rods final message to everyone there - *get out of your comfort zone and export!*

Martin

Claiming vehicle expenses

If you are a sole trader and you are using a vehicle for business that may be used for carrying passengers, then you should keep a log book for 3 months to record the percentage of usage that is work related. You can then claim that percentage of the associated vehicle costs e.g. depreciation, petrol, registration, insurance, warrants of fitness, repairs, tyres etc. Your three month log book will last for 3 years but needs to be redone if your usage changes by more than 20%. Therefore, you should not do your log book over the Christmas break when your business travel is likely to be low! If you don't keep a log book then you can still claim expenses but only at 25%. If you are only doing a small amount of travel you may prefer to keep track of the actual trips completed and the kms travelled and claim these back at IRD rates (77 cents per km for FY 2014). More information on IRDs website [here](#).

If you are using a company vehicle then it depends who owns the vehicle. If you personally own the vehicle you can be reimbursed for the actual costs based on a logbook of private vs business use or you can be reimbursed for the business km's travelled using IRD mileage rates.

If the company owns the vehicle, you can claim 100% of vehicle costs and have unlimited private use if you pay FBT on the value of the fringe benefits provided from the vehicle use, it works out really well for low cost vehicles - there is more detail about this in the FAQ's section of our website [here](#). If the vehicle is not available for private use (100% used for work) then there is no FBT but this is hard to prove and usually only applies to vehicles that are obviously only used for work such as vans and trucks.

It can be a pain to keep a log book. There are a number of [iPhone](#) and [Android](#) apps that will help you do this, and if you really want to automate the process (and don't mind paying an annual fee to do it) then check out www.gpslogbook.co.nz.

Our news

Baubre is heading off to Austria from 28 March until 10 April to attend an international meeting as she is on the Board of the Crohn's and Colitis NZ Charitable Trust. If you need her to do anything for you before she leaves, please make sure to contact her well

before the end of March.

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