

Dowse Murray Chartered Accountants newsletter number 57
October 2015



Newsletter: October 2015

In this issue:

1. GST and provisional tax reminder
2. Xero price increases
3. Free seminars in October
4. Mileage rate 2015
5. Changes to buying and selling property
6. Changes to IRD number applications
7. Tech corner - scams
8. Welcome Peggy
9. Client profile - Jason Sew Hoy

GST and provisional tax reminder

GST is due on 28 October for those registered for GST on a 2 monthly or 6 monthly basis.

For those companies and sole traders who are registered for GST on a 6 monthly basis, provisional tax is also due at that date.

The amount to pay should be listed on your Payment Schedule from 2015 if we have already completed your year-end work but **if you don't know if you have provisional tax to pay or the amount to pay, please contact us before 20 October.**

For those shareholder employees who receive income from their company, you

will pay provisional tax on 28 August, 15 January and 7 May each year so you should have already paid your first provisional tax payment on 28 August.

As a general rule all provisional taxpayers will have made a payment for the year by 28 October.

Xero price increases

Xero must be doing well in New Zealand - they are increasing their prices! They have also added a lot of **new features** over the last couple of years and it is to fund this ongoing development that they are increasing the prices.

We don't like to increase our prices but we do need to recoup the extra Xero cost to us so as your annual Xero subscriptions come up for renewal you will see the new prices, for example our discounted price for the standard Xero subscription increases from \$300 plus GST to \$396 plus GST. Depending on what subscription you are currently on and what features you use you may be able to switch to a subscription that costs less - there will be more information about this on your invoice so you don't need to do anything now.

Free seminars in October

We are running three free lunchtime seminars on *The key numbers for your business*, *Personal finances*, and *Xero* over the next three weeks. We have places available if you are interested in attending.

Seminar 1: The key numbers for your business

—

Tuesday 6 October 12:15 – 1:15 pm – this seminar covers the following:

Accruals vs cashflow

How to get your money out of your business – drawings, dividends, salary

Shareholder current accounts – drawings and funds introduced, what they mean and how they work

What can the financial statements tell you?

Effect of closing stock figures

Key ratios e.g. debtor days, gross profit

Effects of small movements

How to increase your income without working more – the power of leverage, claiming all costs etc

Seminar 2: Your Personal Finances

–

Tuesday 13 October 12:15 – 1:15 pm – this seminar covers the following:

Your approach / personality

Types of investment

How to get ahead

Budgeting – does it work?

Reducing your mortgage

Where to from here?

Seminar 3: Xero Update

–

Tuesday 20 October 12:15 – 1:15 pm – this seminar covers the following:

Using Xero to claim expenses paid for personally

On charging expenses to clients

Find and Recode

Inventory

Payroll

Repeating invoices, email templates and email reminders

Your presenters:

Baubre Murray FCA – Director of Dowse Murray Chartered Accountants – an accountant with more than 25 years experience working with business owners.

Martin Dowse BSC (Hons) – Technology specialist with more than 25 years experience working with technology systems

All seminars are being held at Level 1, [166 Featherston Street](#). Note that this is in the meeting rooms on the first floor of our building, not in our own office.

Bring a friend but please RSVP as soon as possible as we have only a limited number of seats for each seminar.

RSVP by email to martin@dowsemurray.co.nz or phone us on 04 971-1600.

Looking forward to seeing you!

Mileage rate 2015

Inland Revenue has conducted its annual review of its mileage rate and has decided to reduce it from 77 cents per km to 74 cents per km for the year ended 31 March 2015. We haven't seen it go down before! If your tax return has already been filed Inland Revenue will accept the old rate. Also note GST cannot be claimed on the mileage allowance.

There is no limit to the number of kms that may be claimed by companies reimbursing employees or shareholder employees but the self-employed can only claim up to 5,000 kms using the mileage rate.

If more than 5,000 kms are travelled by a self employed person during a year, a percentage of the actual costs incurred can be claimed based on the business portion of the total kms travelled. There is more information in our FAQ [here](#).

The 74c rate applies to cars, if you want to claim costs for a motorcycle you have to calculate the actual costs and be prepared to justify it to Inland Revenue.

Changes to buying and selling property from 1 October

If you've purchased a rental property recently you may have been surprised to hear your solicitor ask for your IRD number. This is the practical manifestation of the new rules that came into effect on 1 October 2015 around ensuring that tax is paid on any gain on sale within two years. There is more information about these rules in our [June newsletter](#).

Unless the property is your main home you will now have to supply your IRD number to your solicitor.

So if you purchase property through a family trust it is not considered your own home and you will have to provide the trust's IRD number. An individual's IRD number will not be enough. This will result in a larger number of family trusts having to obtain IRD numbers, giving greater visibility of trusts to Inland Revenue.

If you pay tax in another country where you are taxed on your worldwide income then you will also have to provide a taxpayer identification number (equivalent to an IRD number). This will of course enhance international information sharing to ensure all taxpayers pay their fair share of tax!

At this stage the new rules only apply to transactions occurring after 1 October 2015. If you are partway through a transaction at that date then the rules don't apply if the contract is entered into before 1 October and the transfer is registered with LINZ on or before 1 April 2016.

Changes to IRD number applications

From 1 October 2015 offshore people and entities must have a functional NZ bank account before they can apply for an IRD number. To be considered functional you must be able to make deposits and withdrawals and the account must have been set up in line with legal requirements that ensure the account holder's identity has been verified. This effectively allows Inland Revenue to rely on identity checks performed by the banks.

Tech corner - scams

Scam season I'm afraid.

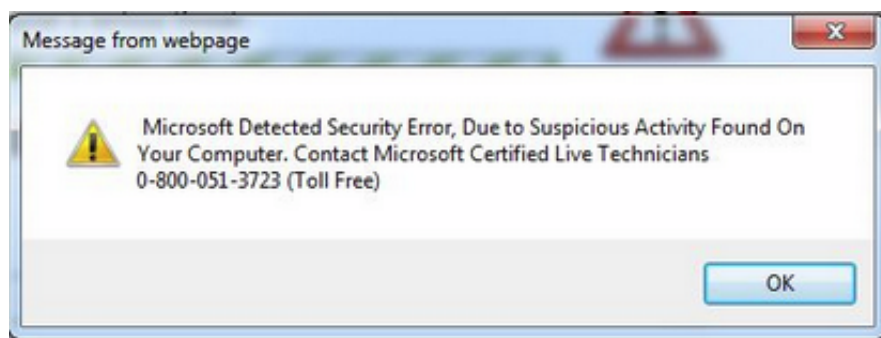
Scam number 1 - Microsoft Windows Technical Support

If you get a phone call from "Microsoft Windows Technical Support" - it is a scam. They will walk you through "fixing" your PC by installing malicious software on it, and charge you for this. If you have time on your hands and want some cheap entertainment then feel free to engage with them but don't go near your credit card or your PC. You could ask them how scamming innocent victims fits in with their religious beliefs, or what would their mother say, etc. However I suggest you just ask them to prove it is not a scam and then put the phone down and wander away.

If you have been caught by this put a hold on your credit card, shut down your PC and get someone to clean it up (e.g. Geeks on Wheels), and **change all your passwords.**

Scam number 2 - Windows error message popup

Similar to scam number 1 but rather than a phone call you get a pop up message on your PC directing you to the Windows Technical Support site to fix some sort of error. There are a number of variants of these error messages <http://malwaretips.com/blogs/remove-tech-support-scam-popups>.



If you are getting these pop up messages do the same as in Scam 1 above.

Scam number 3 - Emails phishing for your password

The object of these emails is to get you to click on a link on that email that directs you to the login page of a website that looks valid (often a copy of a bank's website) enticing you to enter your login name and password. When you do this you will get an error message or be redirected to the correct site to login again but by this time the scammers have your login details and will use them to steal either money or personal details (e.g. your email address book) from you.

Lately we have seen quite a few of these emails purporting to come from New Zealand banks and also from people we know (who have had their address books stolen). If you have been caught change all your passwords immediately.

Scam number 4 - Emails with links to malware

Similar to above but in this case the objective is to click on a link that downloads and installs malicious software on your PC/Mac.

Scam number 5 - Calls about your website

We get these all the time. Someone calls up to help us improve our website by selling us marketing/design/search ranking optimisation services. Invariably they will be an overseas and caller and will tell you your business website isn't working properly or it can be much improved. It is probably not really a scam, they just want to sell you something you don't need.

If they are offering to improve our search rankings on Google I usually point out to them that if I Google our services (e.g. accountants Wellington) we are usually in the first couple of results returned, whereas if I Google their services I can't find them at all so they should fix their site not ours. Cheap entertainment.

A better thing to tell them is you only deal with local representatives and if they are serious they should send someone around. The only danger there is someday a local firm may call and do exactly that!

Welcome Peggy



Peggy Mulligan recently joined our team as an assistant Manager. Peggy is a Chartered Accountant who came to us from BDO where she began her career and gained her CA qualification.

Peggy has a wide range of experience with SMEs and is another whizz at Xero.

Client Profile - Jason Sew Hoy

Jason Sew Hoy is an inspirational young investor. At 27 in his first job and armed with a computer science degree (and a bit of help from his parents) he purchased his first rental property in Dunedin – a rent-by-the-room property with 11 rooms in

the vicinity of Otago University, followed closely by a larger 4 flat property which he subsequently converted into 16 bedroom rent-by-the-room property. These rooms cater for students who prefer to live by themselves at a reasonable cost. Rents are calculated on a January to December basis and tenants pay for their rooms with shared power, internet and phone included. Purchased at a time when interest rates were at 9%, the rent-by-the-room strategy ensured positive cashflow from day 1, allowing funds for maintenance, reducing debt, and investing in other opportunities.

A couple of years ago Jason and his brother decided to move into commercial property and bought a motel with a managed lease in Dunedin. Not long afterwards the manager left, part way through the lease and, unable to enforce the contract, they took the opportunity to totally renovate and rebrand the motel, now [Aria on Bank](#). Just before re-opening it was burgled and some of the new appliances taken, causing it to make [national news](#) for all the wrong reasons! Now they have re-opened with a new manager and forward bookings are looking great in a city with limited short term accommodation. With both Jason and his brother living overseas, managing some of these situations have been challenging but having property managers and their super-mum nearby has helped them get through even the toughest times.

Jason cites finding great property mentors with much of his success, as well as creating great investing partnerships with his Mum and younger brother. Even in its early days he knew straight away that Xero was the future - in fact it was a key reason for his shift to Dowse Murray!

Now, at 34, he is the Chief Operating Officer at 99designs (<http://99designs.com/>), a Melbourne originated internet startup with global reach (their San Francisco office is now larger than their Melbourne office and they won Victorian Exporter of the Year on 30 September) and he was pleasantly surprised to be named 28th on the [Top 50 Emerging Leaders List of 2015](#).



While we were in Melbourne recently we took the opportunity to visit Jason in his office.

Disclaimer

This information is of a general nature and should not be relied upon for specific situations. If you need advice we are happy to talk to you about your particular situation.

[Follow on Twitter](#) [Forward to Friend](#)

Copyright © 2015 Dowse Murray Chartered Accountants Ltd, All rights reserved.

[unsubscribe from this list](#) [update subscription preferences](#)

MailChimp.

