

NEW DIRECTOR

The Directors of HC Partners LP are proud to announce that Kalpesh Hari has accepted an invitation to join our growing practice as a fellow director and partner.

Kalpesh has been with HC Partners LP since February 2003, starting as an accounting graduate, and has proven to be a tremendous asset assisting clients in a range of accounting services, from tax structuring and minimisation to business advisory services. He has over 15 years of experience and prior to becoming a partner, Kalpesh was an accounting manager.

Outside of work, Kalpesh enjoys spending time with his wife and two children. He is an active squash player for the Timaru Squash Club, also plays social grade cricket and overall enjoys most sports. Kalpesh is also an advisor for the South Canterbury Indian Cultural Society.



So please join the Directors in welcoming Kalpesh to the partnership and wishing him all the best.

Email Contacts for current Partners:

- ❖ Duncan Brand duncan@hcpartners.co.nz
- ❖ Paul Wolffenbuttel paul@hcpartners.co.nz
- ❖ Craig Copland craig@hcpartners.co.nz
- ❖ Nick Krivan nick@hcpartners.co.nz
- ❖ Kalpesh Hari kalpesh@hcpartners.co.nz

Consultant:

- ❖ John Stark johns@hcpartners.co.nz

CONGRATULATIONS JUDE BORAMAN!

All the team at HC Partners would like to congratulate Jude Boraman for achieving the incredible milestone of thirty years of service. Starting in 1988 Jude has been an essential presence in the office, offering a cheerful smile, as well as a hardworking and committed approach to her work.

If you see Jude around, congratulate her and wish her all the best as we have.

Congratulations Jude!



ACC Levy Refund Opportunity

We have contracted the services of an ACC Specialist, Arrowform Limited, to conduct a thorough review of all our clients' ACC invoices for any refunds due.

Over the years, ACC's complicated invoicing processes have resulted in many businesses and individuals being overcharged for ACC levies. Tracking down those overcharges is not easy, which is why we have contracted the services of Arrowform. They have developed a cost effective process using specialised tests and computer systems to identify any overcharges made by ACC. Arrowform's ACC review system has shown that 32% of companies and individuals that have paid ACC, have been overcharged, with an average ACC refund of \$754. If you have paid an ACC invoice, you may be due a refund, even if it was a very long time ago. Arrowform has already recovered over \$1,821,029 in ACC refunds, for thousands of business owners, just like yourself.

We encourage you to participate in Arrowform's ACC review. Arrowform runs a "no result, no fee" system, so if they cannot get a refund for you then they do not charge anything. We shall be writing to those clients identified as ACC payers in the coming months.

If you would like to discuss this, or you are not sure about being part of the review, please phone or email us.

INCOME TAX RETURNS ABOUT TO GET EASIER

In April, IRD will also introduce payday reporting of PAYE information – that is, employers will need to report employee payments to Inland Revenue (IR) every pay run. To give you time to put systems in place, businesses will have a year before it becomes mandatory.

Hand in hand with that, IRD will begin collecting PAYE info for the 2018/19 year to allow prepopulation of income tax returns. That should make life a bit easier for SMEs. What's more, the release of Working for Families is being brought forward to 2019, to coincide with tax returns being done under the new system, which – again – will make things simpler for SMEs.

Software Charges

– HC Partners Rebate on Fees means a saving to clients

For those clients who use an on line software package to prepare their cashbook, GST and/or payroll filings you will be aware that most now charge a monthly subscription. As a premium partner for almost all of these packages HC Partners LP sometimes receives a rebate on the normal charges. As a firm we have decided to pass this discount on to our clients. For example, as a Xero Gold Partner if the subscription is via our firm we can pass on a 25% rebate meaning the standard \$55/month plus GST charge becomes \$41.25/month plus GST (or an annual saving of \$165 + GST). If you would like to discuss this further please contact us.



IRD INTO STAGE TWO OF BUSINESS TRANSFORMATION

IRD's been working hard to be easier to do business with. As you read this, its new tax system is kicking in, giving you new and simpler ways to manage your GST obligations through myIR.

Enhancements include the traceability of GST transfers, and Notifications and Alerts sent when there is something for you to do in your myIR account.

From April, IRD has addressed more areas, including:

- Withholding Tax
- Gaming Machine Duty
- Fringe Benefits Tax
- Payroll subsidy
- Employment information (PAYE) collected in START.



But the biggest change will be to tax law.

AIM (Accounting Income Method), a new option for calculating provisional tax, allows payments to be based on your actual profit in that period – so if you don't make a profit, you won't pay provisional tax.

What are the new Government's tax priorities?

One of the first questions business owners ask when a new government enters power is what changes, if any, are coming in the area of tax.

Revenue Minister Stuart Nash provided a good steer on that when he addressed Chartered Accountants Australia and New Zealand last November.

The biggest question, he said, is whether our current system is fit for purpose. A week later, the government demonstrated its commitment to finding an answer by announcing the tax working group, to be headed by Sir Michael Cullen. Its brief is wide and includes specific emphasis on GST (but is unlikely to include GST rates) and the overheated housing market (almost certainly by focusing on speculative property buying).

Other issues the Minister highlighted:

- The future of work, and tax consequences
- Ensuring company tax is fair and efficient and all companies pay their fair share
- Our ageing population and increased superannuation and healthcare costs
- The rapid growth of the sharing economy and its implications for the tax system
- Disruptive technologies and decentralised methods of operating.

If you've ever wondered if you might have a tax refund tucked away at IRD, here's some good news - a proposal for refunds to be issued automatically.

That's part of IRD's ongoing drive to work well with business. One thing you can expect to see is better communication with tax professionals before policy proposals are developed or implemented. That should minimise well-meant but fundamentally unworkable policy being introduced.



MINIMUM WAGE INCREASE: 1 APRIL 2018

By the time you read this, the minimum wage in New Zealand will have increased from \$15.75 to \$16.50 per hour.

Minister for Workplace Relations and Safety, Iain Lees-Galloway, says the \$0.75 rise will benefit around 164,000 workers and their families, and will increase total wages by \$129 million per year.

"Raising the minimum wage was one of the Government's top priorities for the first 100 days," he says, "and we are committed to increasing the minimum wage to \$20 by 2021."

The Minister also advised that within the first 12 months of the Government's term it will abolish starting-out rates and consider changes to the training wage. In the meantime, those rates will continue to be 80% of the minimum wage, increasing to \$13.20 per hour from 1 April 2018.

More at www.beehive.govt.nz/release/minimum-wage-increase-1650-hour. And call us if you need advice on implementing the rise for your staff.

CLEANING OUT THE DIRTY MONEY: NEW LEGISLATION PUTS LAUNDERING IN THE SPOTLIGHT

While New Zealand is hardly the money laundering capital of the world, we still see our share of shady activity. Every year, around \$1.35 billion of fraud- and drug-related money is laundered through legitimate New Zealand businesses.

From October, your friendly accountant will be required to comply with this revised Act. So you might notice us asking for information about your business that we didn't used to – especially if it involves large cash transactions, or multiple companies or trusts.

One reason for the change is that criminals target high value dealers to launder money. If you've seen the Netflix series Ozark (it's a goodie!), you'll know how it works. A common ploy is to buy expensive things with cash, then sell them and get 'clean' money back.

If you deal in high value goods, you will need to consider these new rules as cash payments of \$15,000 or more in one transaction or which add up to \$15,000 or more in a series of cash payments will be caught by the Act from 1 August 2019. The Department of Internal Affairs has also set up a team to help businesses comply. Go to justice.govt.nz and search for AML/CFT supervision and support for businesses.

Even better, call us and we can discuss.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.