



**GLENDINNINGS**  
CHARTERED ACCOUNTANTS

# ACCELERATE

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OUR NEWSLETTER FOR GROWING BUSINESSES



*Wishing you a safe  
and happy Christmas  
and a great New Year!*

Our office will close from 12:30pm Friday 20<sup>th</sup> December and reopen in the new year at 8:30am on Monday 6<sup>th</sup> January. Thank you for all your support this year.

From the team at Glendinnings.

December is notoriously hectic, and we know you'll be in the middle of a million-and-one things right now. That's why we're talking 'self-care and staff-care' this month', quick tips worth reading over your morning coffee or lunch. We're all looking forward to taking a well-earned break over the summer and hope you are too. Merry Christmas to you and your family, and if you're hitting the road - travel safe and enjoy every moment.

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# How to enjoy all the bells and whistles without the tax headache

Parties and gifts are all part of the festive fun but they can cost a small fortune. Here's a list of the rules around entertainment expenses so you know what's deductible and non-deductible before you fork out for your staff and customers.

1. To claim 100% of your customer gifts, keep it non-food or drink related. Book vouchers, tickets to a sports match or a personalised calendar can be claimed in full.
2. Got a staff party planned? Half your food, drink, entertainment and venue hire can be claimed in your GST and income tax returns.
3. You don't need to pay Fringe Benefit Tax on entertainment expenses (that come under the 50% deductibility rules) unless it's being enjoyed by staff outside of their work duties.
4. Heading to Aussie for a fun-filled weekend with your staff? It's 100% deductible (and they'll love you for it!).
5. If you're giving customers and staff food and wine for their efforts, you can claim 50% as a business expense.
6. Donating to charity this Christmas? You can deduct 100% of the cost of entertainment you provide to members of the public for charitable purposes.
7. If you're taking your family (who don't work for you) out for brunch to thank them for putting up with your long hours... it's not deductible because it's not related to generating income for your business.
8. Taking the team out for lunch? Ordering in a Christmas feast? You can claim 50% as a business expense whether you're out of the office or on-site.
9. Top tip: If you run out of time to organise Christmas gifts for customers, why not surprise them with a 'Welcome back to work' prezzie in the New Year?

Remember to keep your invoices and receipts for business entertainment expenses and if you have any questions about what's deductible and non-deductible, give us a call.



## Getting holiday pay right

Do you have staff taking leave over Christmas? Are systems in place to make sure everyone gets what they're entitled to? Even if someone else handles your payroll, you are responsible for making sure holiday pay and leave payments are handled correctly.

Remember:

- Whether your staff work full-time, part-time, casual, on-call, or shift work, they're entitled to any benefits that come from working on public holidays.
- If your employee agrees to work on a public holiday that falls on a day they would normally work, they will need to be paid time and a half PLUS receive another paid day off later, otherwise known as a day in lieu. If an employee works on a public holiday, and it is not a day they would usually work, the employee is only entitled to the time and a half. The entitlement to time and a half has to be included in employment agreements.
- Employees can choose to take their day in lieu:
  - on a mutually agreeable date that is not a public holiday
  - on another day on which they would normally be working
  - for a whole working day, regardless of how much of the public holiday they actually worked.
- If your business is having a closedown period, employees are entitled to a paid public holiday if they would ordinarily work on the day of the public holiday.
- Make sure your payroll system:
  - is flexible enough to handle different working arrangements (eg, changing employee work schedules)
  - records all relevant time worked and payments made
  - has accurate and up-to-date information.
- If you realise an employee hasn't been paid the right amount, be up front and correct the mistake immediately.





## Five simple ways to finish the year feeling relaxed (not rushed!)

Is less stress at the top of your Christmas list? For the sake of your sanity and the best interests of your business, follow these steps to remain calm and collected as the year comes to a close.

1. **Outsource!** Look at everything you need to do before 25 December. Is it doable without losing the plot? Write a list of what you can pass on to a trained virtual assistant or someone (less busy) in your team.
2. **Say No.** Often there's a sense of guilt when we refuse an invite, opportunity or request but if you take everything on, you'll suffer. It's already a busy time of year, so the next time someone asks you something - check to see if it's something you want to do or feel you have to do. Then if you can, politely say no.
3. **Lean on your support network:** Will you be working longer hours in the lead up and during the festive season? If you need to be able to prioritise your business over everything else, you'll need a hand to make sure other areas of your life stay standing. Talk to your family. Enlist their help if you need it. You could even do a skill-swap with friends - mow their lawn in exchange for a meal.
4. **Leave some tasks till 2020:** There's often a feeling of 'I jussssst want to get this done by the end of the year' running through our veins in December but taking time to relax over the holidays means letting a few things go. Write a 'to do' list then break it into three categories: must do, should do, can probably wait.
5. **Hide your phone:** The best present you can give yourself over the Christmas break is presence. Time away from work, spent doing what you love to do, and truly relaxing. Putting your devices in a drawer (even just for an hour!) will do you the world of good before launching into the new year.

## New Trusts Act 2019: What you need to do

If you're protecting your family property in a trust, there may be changes you need to make before the new Trusts Act comes into force in January 2021.

The changes to the Trusts Act (the first in more than 60 years!) aim to make trust law more efficient and accessible, lower admin costs, simplify core trust principles and essential obligations for trustees, and make it easier to resolve disputes.

While it might seem an eternity away, 2021 will whip around quickly, so here's what you need to do.

1. **Review your trust:** Meet with us and your lawyer to review arrangements for your trust. There might be opportunities to improve your tax structure, reduce your risk profile and better your family's financial situation.
2. **Revisit your succession planning:** The new legislation has extended the maximum life-span of trusts by 45 years, to 125 years. This means you'll need to make significant succession planning adjustments.
3. **Be prepared for beneficiary requests:** The new law means most trust beneficiaries will be able to request financial reports on the state of the family trust and find out 'who gets what'. Be prepared for extra admin, costs and possibly damage control if you're having to avoid family issues around distribution of funds.
4. **Know your responsibilities as a trustee, which include:**
  - a. Knowing the terms of the trust
  - b. Acting according to the terms of the trust
  - c. Acting honestly and in good faith
  - d. Holding trust property
  - e. Acting for the benefit of the beneficiaries or the permitted purpose
  - f. Exercising trustee powers for a proper purpose

# Checklist: Can your business survive the holiday period?

While the Christmas/New Year period is traditionally a slow time of year for business, you still need to meet your expenses.

Ensure your bases are covered before you clock off for the year.

## 1. Plan ahead

Do a budget to figure out how much you are going to need to cover your overheads. This is especially important if it's going to be several weeks before you start earning a crust again.

A cashflow forecast will help you identify any issues before they become problems.

## 2. Get your cashflow in order

You can achieve this by:

- Prioritising jobs you can complete quickly so you can invoice clients straightaway.
- Incentivising early payment for completed work by offering a discount.
- Chasing outstanding invoices.
- Seeing if you can re-negotiate payment terms with suppliers.
- Reducing unnecessary spending.

## 3. Don't forget taxes

IRD expects GST and provisional tax payments to be made on 15 January. Interest of 8.35% and late payment penalties apply if you don't.

Here's a tip: If paying both is going to hurt the bank account, prioritise paying the GST. You can utilise the services of an IRD-approved tax pooling provider such as Tax Management NZ to pay the provisional tax later. They reduce IRD interest by up to 30% and eliminate late payment penalties.

As always, we are happy to work with you, so you have nothing to worry about while you enjoy your summer break.

## New GST on low-value imported goods

Overseas businesses selling goods valued at \$1,000 or less online to New Zealanders are now required to register for, collect and return GST where their supplies to New Zealanders exceed (or are expected to exceed) \$60,000 in a 12-month period. This is good news for local businesses who may have been at a competitive disadvantage by having to charge GST on their sales, when their foreign competitors didn't. Want to know more? Read the special report at:

<http://taxpolicy.ird.govt.nz/publications/year/2019>

## CLIENT CORNER



We believe Architecture is the crossroads between Culture, Environment and Technology. People are our focus because it is for them the spaces are designed.

242am is a local vibrant practice and we have been involved on a wide range of projects from emergency services to community based developments.

However, it is housing where our passion lies, be it multi-unit dwellings, dense housing, prefabricated homes or standalone bespoke homes. It is this drive that has led us to study current issues surrounding the topic and hence find ourselves committed to making a difference, through design, in this sector.



We invite you to embark on a journey with us to create spaces that make homes, build communities and grow cities.

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