



Belton, Smith & Associates Ltd

CHARTERED ACCOUNTANTS

AUGUST 2015 NEWSLETTER



Belton Smith & Associates Limited

Hayden Belton has recently been appointed a Director and to recognise this the firm is changing its name to Belton Smith & Associates Limited.

Having worked alongside Bryce since 2010, Hayden has got to know and work with a lot of the existing clients as well as acquiring clients of his own along the way.

Hayden was raised locally and after his OE decided to return to Whanganui as his experience in the big cities made him realise it is a great place to live and work and especially for bringing up a young family.

Working full time as an Accountant, alongside weekend farming and family duties keeps him busy, but he believes that the experience gained from having to deal with real issues within his own businesses makes it easier for him to relate to clients and to assist them through their decision

making processes.

Hayden enjoys working with local business owners, these people are driven to succeed and they use our services not only for tax advice but also for sounding out ideas that they have. Working with clients in structuring their business, especially around setting up and or working through succession is an area of interest that he enjoys as well.

The role of the accountant in public practice has changed considerably in recent times, largely due to the huge leap in technology in recent years. It seems these days if you can come up with an idea that will make your life easier, someone will have already created a program or an app for you. This means that software advice, specifically around choice and implementation remains a big part of Hayden's area of expertise.

He looks forward to continuing to work with Bryce under the new name.

Where's our economy heading?

There has been a glut of economic news in the newspapers and on TV. Interest rates are going down according to some (the same people who predicted interest rates would increase last year!)

We are all aware of the drop in dairy prices and dairy farmer's incomes. Clearly that will have an effect on the economy, but our government are still predicting economic growth for the 2015/16 year so some other industries must be performing well to offset the dairy decline.

So can economists predict the future? We don't think so. As it is often unknown future events which end up affecting economics e.g. the oil prices decline last year. Few predicted that oil would drop so low!

So what should you do?

Our view is that you should continue to run your business following sensible business practise. So what is sensible business practice? We think it is.

- Maximise your sales
- Watch the level of your expenses
- Ensure you review customers who owe you money so that there is no build-up of overdues.
- Monitor your creditors (people you owe). If you have an issue paying them contact before you are overdue.
- Look after your staff – They are usually your biggest asset.
- Keep in touch with your bank. It always pays to keep your bank informed of any major changes in your business, especially if it might impact on the banking facility you have.



All clients should meet with their bank at least annually.

- Finally, you should concentrate on your business. Clients should focus on things they can manage or affect so you can get a result.

P.S We think interest rates might decrease further but that they will inevitably increase again. This means that clients should take advantage of lower interest rates by reducing debt while interest rates are low.

Once interest rates rise, as they will, you may not have the cash flow for debt reduction. Lower interest rate usually encourage people to borrow more, however when interest rates rise again more debt means more discomfort.

Business is about the short, medium and long term. You need to think about what you do and its effects over each of these time frames.

Welcome Julia

Julia Heath joined our team in April, returning to the city she took her first job after finishing college in Taihape. However after four years in Wanganui the lure of Taihape called again and she returned to spend the next seventeen years relishing the rural lifestyle living on a farm station, raising two wonderful, now adult children, co-owning a small contracting business and on completion of extra mural study for her accounting degree, became a shareholder in a Taihape/ Taupo based accounting firm.

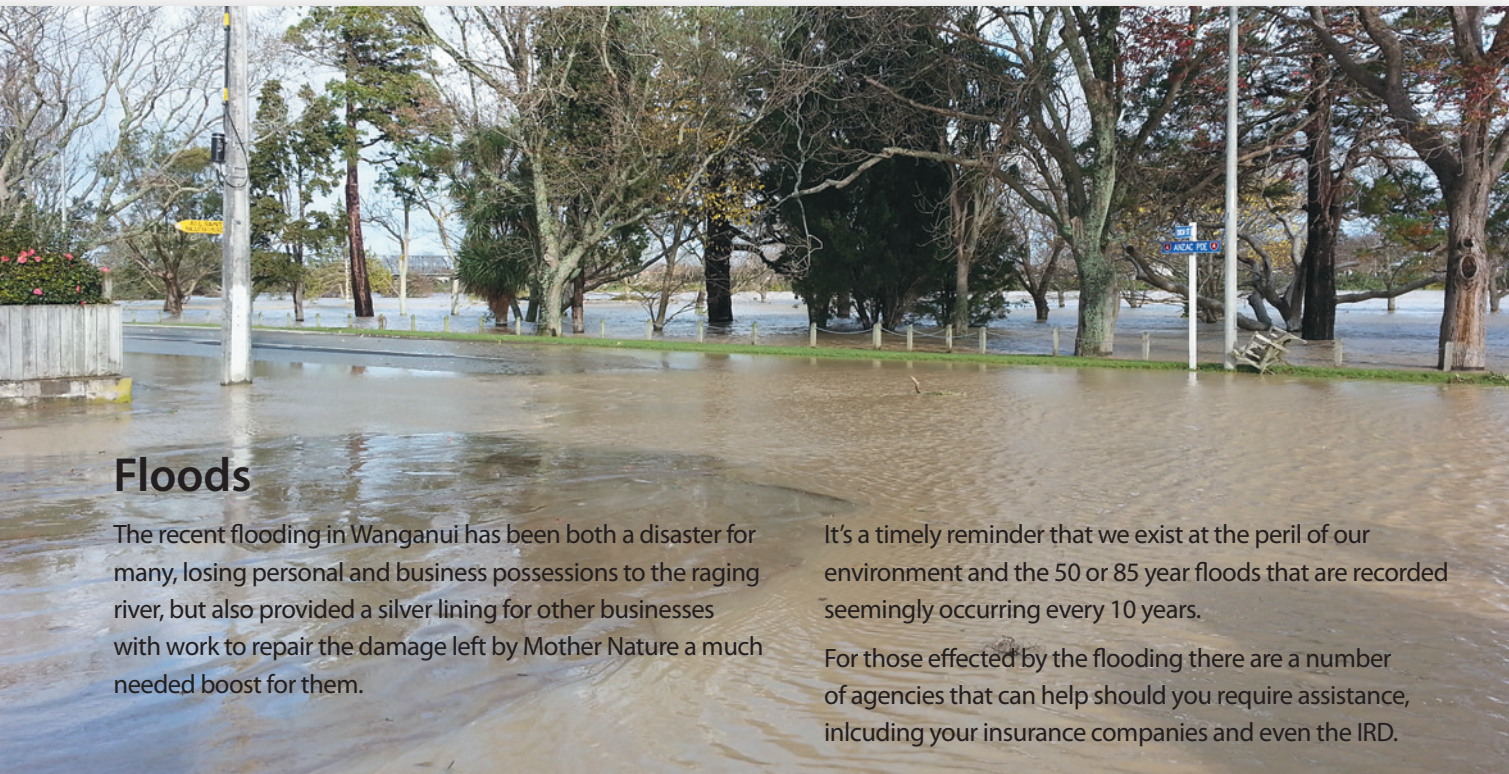
Prior to moving back to Wanganui, Julia has spent the past six years living in Palmerston North working in a senior accounting capacity.

In her spare time she enjoys staying active and in particular running, becoming a regular entrant of the Manawatu Striders events and even completing her first ever half marathon while living in Palmerston North. When not running Julia enjoys the company of friends and family, especially her two adoreable young grandsons and let's not forget her small menagerie of four legged furry babies.



Keep in touch...

For further help on any of the articles featured in this newsletter or any other tax questions you may have feel free to contact either Bryce, Hayden or one of the team members.



Floods

The recent flooding in Wanganui has been both a disaster for many, losing personal and business possessions to the raging river, but also provided a silver lining for other businesses with work to repair the damage left by Mother Nature a much needed boost for them.

It's a timely reminder that we exist at the peril of our environment and the 50 or 85 year floods that are recorded seemingly occurring every 10 years.

For those effected by the flooding there are a number of agencies that can help should you require assistance, including your insurance companies and even the IRD.

IRD

Given the devastation caused to infrastructure, including roads, power and telecommunications the IRD does prove tax relief for such extreme events, including the ability to reverse any late payment penalties or late filing penalties.

Early withdrawals from Income Equalisation or funds deposited later will also be considered by the IRD.

If you have had trouble with your taxes due to the flooding let us know so we can help you through the process of obtaining relief available from the IRD.

Insurance

EQC cover is provided to those who have a home and/or contents insurance policy, as the premium you pay your insurer includes the premium cover for EQCover.

EQCover covers buildings, personal property and land from damage caused by flooding, landslides, earthquakes, etc. Claims must be lodged with EQC within 3 months of the event, so if you think you qualify then hop online and file a claim with them.

Small Employers with infrequent staff and PAYE returns

A little known fact that the IRD don't advertise is the ability to be registered as an employer and only file PAYE returns for the periods in which you employ staff. This reduces the need to monthly returns for employers who only hire casual staff on an as needs basis at different times of the year.

There are a couple of thresholds that you cannot exceed to qualify for this exemption, including total PAYE for the year has to be under \$5,000 and you can't employ staff more than six months in the year.

If you think this maybe something you want to discuss, or you may qualify for, we can help you set this up with the IRD.





Health & Safety Update

We are aware that there has been a lot of press on the Health & Safety topic recently, so thought we would clarify a few points for you.

The legislation hasn't yet been passed by Parliament, at present a select committee has reported its recommendations back to Parliament. The Bill is now expected to be passed later this year and there will be some months before it comes into effect. During this time government will provide further guidance to help businesses understand what the new law means for them, so you will have plenty of time to prepare.

But this doesn't mean your business will necessarily face a lot of new compliance costs. For many small businesses, little will change – especially if you already take a considered approach about how to keep those in your workplace safe and healthy.

The new law says you need to take reasonably practical steps to manage these risks. How you do this will depend on:

- how seriously someone could get hurt (paper cuts are not serious injuries!)
- the chance of an accident happening
- and how much control you have over preventing it.

The ACC website has tips for small businesses on workplace health and safety, as well as safety information tailored for different industries.

What's changed for small business as a result of the select committee announcement?

- Low-risk small businesses won't have to respond to a worker request to have a H&S representative or committee. They will still need to have worker participation processes that are effective for their business needs, size and risk.
- Small high-risk businesses will need to have a H&S safety representative if their workers request them.

New regulations will outline in detail exactly which high-risk small business sectors would be subject to this requirement.

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