



AUGUST 2017

SNIPPETS

'LAYBY' WARNING

Consumer NZ is warning customers to be careful using new payment options marketed as 'layby.' Several 'buy now, pay later' services are emerging on the New Zealand market which offer shoppers the ability to receive the goods straight away while paying only a fraction of the price up front. Instalments are then paid off over several weeks. Consumer NZ warned that while this might seem like a great deal the services come with fish hooks – steep fees for missed payments and lack of protection under the Fair Trading Act were two reasons people should be wary of using these services.

MINIMUM WAGE UPDATE

All employees must be paid at least the minimum wage for every hour they work. This applies to both salaried and wage employees. Employee allowances for items such as wet weather gear, dogs or travel are excluded from the minimum wage calculation, as these are deemed to be a reimbursement rather than a remuneration.

Types of Minimum Wage				
	Per Hour	Hours per Week		
		40	50	60
Adult Worker 16 years & over	\$15.75	\$630	\$788	\$945
Starting Out 16 to 17 year olds who are completing six months continuous employment with their current Employer	\$12.60	\$504	\$630	\$756
Training Wage Only applies to employees doing an approved industry training programme	\$12.60	\$504	\$630	\$756

The practice of averaging an employee's earnings over the season in farming workplaces, with employees working long hours over spring/summer and less hours over autumn and

early winter, is now prohibited. Farming employers now need to keep records of hours for employees.

Paying employees by way of an annual salary rather than an hourly rate may help reduce the record keeping. However, the employment agreement still needs to cover hours worked, and situations where an employee may be required to be available. For example, an employee required to be available on Sundays to load stock trucks.

Importantly, a salaried employee is still required to be paid the minimum wage for the hours they have worked – see the Annualised Minimum Wage table below.

Annualised Minimum Wage				
	Per Hour	Hours per week		
		40	50	60
Adult	\$15.75	\$32,760	\$40,950	\$49,140
Starting Out	\$12.60	\$26,208	\$32,760	\$39,312
Training	\$12.60	\$26,208	\$32,760	\$39,312

PAYING EMPLOYEES UNDER 16 YEARS OF AGE

There is no minimum wage for employees under the age of 16 years who are not in training for six continuous months with their current employer or in apprenticeship schemes where their employment agreement states they are required to do at least 60 credits a year of a formal industry training programme.

However, all other minimum standards, employment rights and obligations apply. When an employee turns 16, they must be paid the relevant minimum wage.

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CASH MANAGER - NEW CLOUD BASED DEVELOPMENT

Cash Manager is about to raise the bar for farm planning and data capture software, over time replacing the current Cash Manager RURAL with a completely cloud based product. The development focuses on information gathering with as much automated inputs as possible to include bank fees, trader feeds, memorisation and livestock connectors. In the meantime, the current online programme will continue to deliver new functionality and all data will easily migrate to the new programme.

Comment:

-)] If you currently use the Cash Manager desktop facility and have an internet connection other than 'dial up' we would encourage you to consider moving to Cash Manager RURAL online.
-)] If you are already online, we recommend you sign up to bank feed and trader feeds and begin to use the 'scan my bills' service. Bill scanning and transaction feeds ensure accurate information is imported into your system and if these facilities are set up prior to migration, you can start to enjoy the benefits from the outset.

OVER THE DITCH

In May this year the Australian Treasurer delivered the 2017-2018 Federal Budget. Although there were no major surprises, the Treasurer did announce an unexpectedly high number of tax measures including the announcement of a major bank levy, personal tax increases and a litany of measures to improve housing affordability in Australia, combat multinational tax avoidance and clamp down on the black economy.



A few measures relevant to New Zealand businesses are summarised as follows:

-)] The Australian Government remains committed to lowering the corporate tax rate to 25% for all companies over the next 10 years
-)] In the first six months of 2018 Australia will adopt the majority of the OECD's recommendations from its work on anti-hybrid mismatch activities. These hybrid mismatch arrangements exploit the different ways that jurisdictions treat financial instruments and entities to create tax advantages such as profit shifting used by some large multinational companies to pay little or no tax anywhere in the world. Since hybrid mismatch arrangements are not necessarily artificial or contrived, the proposed rules target deliberate exploitation and generally only apply to cross-border transactions involving related parties as well as unrelated parties if the deal has been deliberately structured to produce a hybrid mismatch advantage.

Comment:

If New Zealand were to adopt the OECD anti-hybrid recommendations, the rules would apply to foreign companies doing business in New Zealand as well as New Zealand-owned companies doing business offshore.

LISTED COMPANIES EXECUTIVE PAY PACKETS

In a move to bring New Zealand into line with Australia where listed companies are required to be open about how much their executives get paid, the NZX recently disclosed the final version of its corporate governance code which comes into force from 1 October this year.

Currently companies only have to report the number of people who earn over \$100,000 and how many people earn in salary bands above that. As it is assumed the highest earner is the CEO (but this may not necessarily be the case), the NZX recommends including in the annual report a statement of a Chief Executive Officer's base salary, short term incentives, long term incentives and bonus payments and the performance criteria used to determine performance-based payments.

The Chief Executive of the Shareholders Association, Michael Midgley, believes this is a good step towards clarity and openness as including an explanation as to what constitutes an executive's performance pay would assist shareholders to understand why the person largely responsible for their investment is so being paid.

The code also includes a recommendation for companies to list the gender breakdown of their board and senior leadership team.

GST FILING ONLINE

The Inland Revenue's updated GST services in myIR allows a number of management tools not previously possible, including:

-)] You can fix mistakes on GST returns you have already filed by amending online:
 - Z Select "Manage payments and returns" under Quick links. Select your return and choose 'Amend'
 - Z Choose the period you want to amend under the Periods tab.
 - Z Then let IRD know through secure mail what caused the mistake, the new figures and IRD will amend the return
-)] If you have an amount to pay after you have filed your GST return, you can pay this from myIR by direct debit, credit or debit card or online banking. However, if you have not been able to pay the GST amount owing in full, a payment plan can be requested to pay off the amount over time. Interest and penalties may apply to late payments.
-)] Someone else manages your GST? They can do it online too depending on the type of access you grant them. First party access gives someone a user ID and password and this option is generally used for an employee hired to manage your GST. Third party access allows someone to access your GST account using their own myIR account. This option is generally used when a person outside your business (your accountant) is managing your GST.



BETTER ADMINISTRATION OF PAYE!!

The next steps in the Inland Revenue's "business transformation" programme is the better administration of PAYE – the change central to this being the "payday" provision of employment income information. The current monthly filing of Employer Monthly Schedules and Employment Deduction forms will be largely done away with in favour of a form required to be remitted to IRD on a 'pay day' basis. Further, there are also proposals relating to the provision of employee information to the Inland Revenue directly from the employer's payroll system.

The proposed changes represent a significant change in payroll reporting and will affect employers. While the rules will not be mandatory until April 2019 (employers can choose to apply them from 1 April 2018) there is extensive work to be done by payroll providers, IRD and payroll practitioners to ensure the relevant systems and checks are in place well before anyone goes "live".

As "online filing" will not be practicable for all employers, it is proposed there will be a number of "employer groups" to include:

-) A default group of those who are required to provide information to the IRD using a prescribed form of electronic communication within two working days following pay day,
-) A second group of employers below a threshold of PAYE and ESCT based on the previous year's wages records – they will likely be allowed to continue on the existing basis.
-) An exempt group of employers unable to access suitable digital services, and
-) A new group - New employers afforded a transitional period before they are required to file online.

LET YOUR ACCOUNTANT KNOW IF YOU ARE GOING TO, OR HAVE, RECEIVED MONEY FROM OVERSEAS

You may be taxed in New Zealand on amounts received from overseas. Circumstances that can give rise to a tax bill include:

-) If you receive an inheritance from overseas
-) You inherit overseas assets, property, family home, shares etc
-) If you receive an inheritance from a non-resident (even someone who was once a resident of New Zealand)
-) If you are appointed an executor or trustee of the estate of an overseas person/non-resident
-) If you receive a pension from overseas
-) If you transfer the funds from an overseas superannuation to New Zealand.

We recommend you contact your Graham & Dobson advisor to discuss any potential tax liabilities and obligations you may have for any overseas transaction as soon as you become aware of it.

POVERTY BAY A&P SHOW PET COMPETITION

A reminder to think about entering your best pet (lamb, goat – dressed or undressed, or calf) in this Graham & Dobson sponsored competition



LIVESTOCK VALUATION - NATIONAL AVERAGE MARKET VALUES 2014 - 2017

Type	Class	2014	2015	2016	2017	\$ Change	% Change
Sheep	Ewe Hoggets	94	88	92	109	17	18.5%
	Ram & Wether Hoggets	90	83	84	103	19	22.6%
	2th Ewes	131	126	133	150	17	12.8%
	M/A Ewes	118	113	117	131	14	12.0%
	5 & 6yr Ewes	101	90	96	110	14	14.6%
	M/A Wethers	79	73	68	86	18	26.5%
	Breeding Rams	257	253	304	349	45	14.8%
Beef Cattle	Rising 1yr Heifers	506	607	726	824	98	13.5%
	Rising 2yr Heifers	799	940	1079	1171	92	8.5%
	M/A Cows	986	1171	1273	1431	158	12.4%
	Rising 1yr Steers	614	706	842	986	144	17.1%
	Rising 2yr Steers	933	1104	1229	1325	96	7.8%
	Rising 3yr Steers	1145	1376	1468	1614	146	9.9%
	Breeding bulls	2,031	2,293	2,571	3,095	524	20.4%
Red Deer	Rising 1yr Hinds	164	169	223	303	80	35.9%
	Rising 2yr Hinds	313	333	397	473	76	19.1%
	M/A Hinds	380	375	438	526	88	20.1%
	Rising 1yr Stags	210	215	263	343	80	30.4%
	Rising 2yr Stags	360	434	543	595	52	9.6%
	Breeding Stags	1341	1478	1775	1861	86	4.8%

HARD OF HEARING!!



A man feared his wife wasn't hearing as well as she used to and he thought she might need a hearing aid.

Not quite sure how to approach her, he called the family doctor to discuss the problem.

The Doctor told him there was a simple informal test the husband could perform, to give the doctor a better idea about her hearing loss. Here's what you do," said the Doctor, "stand about 40 feet away from her, and in a normal conversational speaking tone see if she hears you. If not, go to 30 feet, then 20 feet, and so on until you get a response."

That evening, the wife is in the kitchen cooking dinner, and he was in the den. He says to himself, "I'm about 40 feet away, let's see what happens." Then in a normal tone he asks, 'Honey,

what's for dinner?" No response.

So, the husband moves closer to the kitchen, about 30 feet from his wife and repeats "Honey, what's for dinner?" Still no response.

What Did You Say?

Next he moves into the dining room where he is about 20 feet from his wife and asks, "Honey, what's for dinner?" Again he gets no response.

So, he walks up to the kitchen door, about 10 feet away. "Honey, what's for dinner?" Again, there is no response.

So, he walks right up behind her. "Honey, what's for dinner?" "Clyde, for the fifth time... CHICKEN!"

Did somebody say something?

