



Meeting tax payments on 7 April

Payments for end-of-year income tax, student loans and overpaid Working for Families Tax Credits for the 2015 tax year are due for all customers who have an extension of time because they are on a Tax Agents list. If you are worried about meeting this deadline, check out IRD's payment options.

This March, IRD will be issuing letters to some taxpayers to remind them of the due date. Then in early April IRD will be sending text messages with a further due date reminder.

For clients who have lost their extension of time their tax payment is due on 7 February so you should be talking to the IRD now if you think you'll struggle to pay in full.

You can pay IRD via internet banking and debit or credit card payments.

If you can't make the payment in full, you can make an instalment arrangement proposal online at www.ird.govt.nz. Search for 'proposal' and complete the questions in the online form. In most cases they will accept regular manageable amounts. If you need a hand to get this done please contact the IRD.

IRD will be sending other reminders such as:

- letters to some customers from 22 March that will direct them to the IRD website
- a message in letters to some customers about unpaid provisional tax and the interest that can add up when this remains unpaid
- a message in letters to some customers with a 7 April due date that they already have unpaid amounts with the IRD
- text messages to some customers from the week starting 28 March to prompt payment due on 7 April
- social media messaging to provide timely reminders of the 7 April due date.

IRD won't send reminders to customers who paid on time last year.

To prevent penalties and interest from adding up, the IRD recommends full payment or an agreement to make payment(s) by 7 April 2016.

in this issue >>>

- Meeting tax payments on 7 April
- The early quote gets the worm
- How to win a tender when you lose
- Advertising for profit
- How small businesses can get going with GETS

Advertising for profit



Do you measure your responses from

advertisements? How many of those responses turn into sales? Don't know? Then ask your new customers, every time, why they came to you.

Further, have a look at the quality of customers you're attracting, in other words, whether they're serious about what you offer. There's no point in advertising for poor quality business.

Above all, keep figures to see if the advertising is earning its keep. The revenue you derive from your advertising is not just what you get from the first sale. It's the earnings over the lifetime of that customer. So if the average customer stays for five years, measure the expected sales you're going to make over this time. The profit on those sales needs to exceed the cost of the advertising.

Advertising is expensive. Some people advertise, get responses but never follow up. Perhaps they have more business than they can handle! If this is you, why advertise?

Examine your return on your advertising. Keep records. If your advertising works, that's fine. If it doesn't, save your money.

question time >>

Q: Can a Beneficiary seek information such as Trust accounts from the Trustees?

A: Yes they can.

Beneficiaries of a trust (including a testamentary trust) are entitled to information relating to the trust regardless of whether they are sui juris (of age).

The only authority that a parent of a beneficiary requires to seek trust information on behalf of a minor beneficiary is proof of the fact that the parent is a guardian of the minor beneficiary. By virtue of that status as guardian, a parent is entitled to seek information (see *The Cats' Protection League v Deans*).

In the *Goodman v Campbell* case a minor beneficiary's mother sought appointment as a litigation guardian following an executor's refusal to provide information about the estate of which her minor son was the sole beneficiary. The trustee of the estate had been noted as being "uncomfortable in the absence of some express authority in releasing information to someone who was not a beneficiary of the trust".

After making the appointment, in the interests of progressing matters the Court directed on 8 May 2015 at [9] that:

"... a copy of this judgment is to be served on Mr Campbell, through his solicitors, and that Ms Goodman abstain from filing the proceeding for a period of 10 working days after that to ensure that Mr Campbell has an opportunity to consider the judgments of the Privy Council in *Schmidt v Rosewood Trust Ltd* [2003] UKPC 26; [2003] AC 709, and of the High Court in *Foreman v Kingstone* [2004] 1 NZLR 841. From his present stance, as far as it may be gleaned from the correspondence produced to the Court in support of this application, it could possibly be inferred that he has overlooked the principles of law applying to his duty of disclosure, which are discussed in these cases."

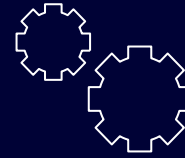
REFERENCE:

Goodman v Campbell HC Christchurch CIV-2015-409-000259, 8 May 2015.

Goodman v Campbell HC Christchurch [2015] NZHC 2780.

The Cats' Protection League v Deans (2010) 20 PRNZ 584.

Furness v Public Trustee [1922] NZLR 920 at 923.



TAX SOLUTIONS

If you're investing in a PIE, be sure to get the right tax rate (PIR).

You should check with us when we do your tax return each year as it can change from year to year and there are no refunds of overpaid tax.

If your income is less than \$48,000, use a rate of 17.5% unless you have so much PIE income that it exceeds \$22,000. If husband and wife have PIE income in their joint names but their taxable incomes are taxed at different rates, it's better to split the PIE investment into two halves and invest separately, so one can be taxed at the lower rate. Otherwise, the whole of the investment has to be taxed at the rate applying to the higher taxpayer.



EMPLOYEE SOLUTIONS

From the 1st April the adult minimum wage rate (before tax) is to increase 50 cents to \$15.25 an hour, which equates to \$122.00 for an eight hour day or \$610.00 for a forty hour week.

Employees have to be paid at least the minimum hourly wage rate for any extra time worked over eight hours a day or 40 hours a week.

The adult minimum wage applies to all workers aged 16 and over who are not starting-out workers or trainees, and all workers who are involved in supervising or training other employees.



PROHUB SOLUTIONS

Got a bad debt looming? Be quick and be persistent applies particularly to debt collection.

If you're offered a cheque and you don't like to suggest it might bounce, see if you can get two cheques for half each. Your debtor might have the funds to let \$500 through but not \$1000. By using Prohub online you can record notes and set yourself reminders to ensure you follow up slow payers regularly.

How small businesses can get going with GETS

Government contracts aren't just for big players. Small and medium businesses are winning contracts through the New Zealand Government Electronic Tenders Service (GETS).

GETS is a free online service designed to promote open and fair competition for government contract opportunities.

Business's who use GETS advice to other small businesses thinking of using GETS is to spend time getting to terms with both the tender document and process, as well as to ask for help when it's needed.

The MBIE staff managing the tender process are very good and quick to respond to questions. Here are more tips for small and medium businesses thinking of tendering for government opportunities on GETS.



Tip 1 - Get registered

Register yourself as a supplier on GETS. For tips and advice, go to <http://www.business.govt.nz/procurement/for-suppliers/gets/frequently-asked-questions>

Tip 2 – Sign up for targeted alerts

You've got to be in it to win it. By adding codes and regions to your GETS supplier profile, you'll receive alerts on tenders that are specific to your business. Read the instructions on the GETS website.

Tip 3 – Keep in the loop

Keeping up to date on tender developments can be really helpful. To do this, you'll need to subscribe to the tender. Find instructions in the user guide on responding to tenders.

Tip 4 – Ask questions

If you have questions on a tender opportunity, don't hesitate to contact the representative listed on the tender. Talk through anything you're unsure about.

Tip 5 – Keep your eyes peeled for sub-contracting opportunities

Even if you're not large enough to supply to government, that doesn't mean the door is closed to your business. There are plenty of sub-contracting opportunities available for small businesses.

Visit the Awarded Tenders page on GETS to find out which major suppliers have won contracts. If you see one that might fit you, approach these larger suppliers to discuss how you might work together.

Tip 6 – Talk the talk

For jargon-busting and tendering tips, read the article on Six mistakes to avoid when bidding for contracts.

Quick Quote

I have learned to use the word impossible with the greatest caution. ~
Wernher von Braun

Stephen Larsen and Co

TAX AND BUSINESS ACCOUNTANTS

PO Box 5161, 74 Bourke Street, Palmerston North 4441

Phone: 06 357 7011 Fax: 06 353 6430

Email: info@stephenlarsenandco.co.nz

Website: www.stephenlarsenandco.co.nz

Important: This is not advice. Clients should not act solely on the basis of the material contained in the Tax Talk Newsletter. Items herein are general comments only and do not constitute nor convey advice per se. Changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The Tax Talk Newsletter is issued as a helpful guide to our clients and for their private information. Therefore it should be regarded as confidential and should not be made available to any person without our prior approval.

We care about your Business Prosperity

