

# Newsletter

July 2015

DB CHARTERED  
ACCOUNTANTS LTD

## Contents:

- Are you a Company Director?
- Use of Money Interest Rate Changes
- Fair Trading Act
- Are you in charge?
- Budget Update

In this newsletter we confirm additional information required from Company Directors, look at the recent changes to the Fair Trading Act and changes from the May Budget. The Use of Money Interest rates have changed and we have a few points to help you plan ahead.

## **ARE YOU A COMPANY DIRECTOR?**

Every NZ Company is required to file an Annual Return with the Companies Office to confirm the registered office, who the shareholders and directors are (and their addresses) and the allocation of shares.

For every Annual Return filed after 1 July 2015 the Companies Office also requires the date and place of birth for each director. This information is not available to view on the Companies Office website but is required when filing the Annual Return.

For the majority of our Company clients we file the Annual Return with the Companies Office. We will, therefore, be contacting you during the year to get directors date and place of birth details.

From 1 October every NZ Company will also need to have a Director who lives in New Zealand (or lives in Australia and is also a director of an Australian Incorporated Company).

## **USE OF MONEY INTEREST (UOMI) RATE CHANGES**

From 8 May 2015 IRD UOMI rates are:

9.21% for underpayments and  
2.63% for overpayments

These rates will apply to late paid tax and where Trusts, Companies and high earning provisional tax paying individuals have not paid sufficient tax during the year.



*“Control your destiny or someone else will.”*

## **ARE YOU UP TO DATE WITH THE FAIR TRADING ACT (FTA)?**

Significant changes were made to the FTA last year including:

### **Unsubstantiated Representations**

The FTA prohibits businesses from making unsubstantiated representations. This means that representations must be based on facts known to the business, or based on information from reliable sources, like the manufacturer of the product in question, at the time the representations were made.



### **Extended Warranties**

Many businesses offer extended warranties to customers. The FTA provides a consumer (*a person who purchases your product or service for domestic use and includes a business where that business purchases your product or service other than in trade*) with a 5 working day cooling off period to change their mind about whether they want the extended warranty.

Businesses must verbally and in writing explain the right to cancel the extended warranty. All staff should understand and implement the new law.

### **Contracting Out**

The FTA states that businesses cannot contract out of their obligations to consumers even if a signed agreement states otherwise. However the FTA does allow that business to business contracts can contain provisions whereby the parties agree to contract out of certain matters which are covered by the FTA (including misleading or deceptive conduct, the making of unsubstantiated representations and false or misleading representations). Any arrangement must be in writing and be fair and reasonable for the parties to contract out.

### **Door to Door Sales and Telemarketing**

This includes where a business (or agent) approaches a consumer uninvited at their home, workplace or over the phone to sell goods or services. Any sales agreement must be in writing (unless transaction is less than \$100) and once received the consumer has 5 working days to cancel the agreement. A business cannot enforce payment until the cancellation period has expired.

### **Buying & Selling Online**

The FTA applies to online selling when a seller is "in trade". Anyone who is "in trade" must make this clear to consumers when offering goods or services for sale. Online traders must have available the goods they offer for sale (or can deliver to meet represented delivery times), and where vouchers are sold the business must have sufficient resources to fulfill every voucher sold within a reasonable time period. Shill bidding is only allowed up to the reserve price.

(Continued Page 3)

**ARE YOU UP TO DATE WITH THE FAIR TRADING ACT (FTA)?** (Continued from page 2 ...)**Auctions**

The FTA requires that details of auction terms are provided and allows that a bid can be withdrawn at anytime before the end of the auction. Vendor bidding is allowed provided the auction terms allow for this and the vendor bid is below the reserve price. The auctioneer must clearly identify each vendor bid during the auction. Proceeds from an auction must be given to the seller within 5-10 days of the auction along with the relevant details of the sale.

Penalties for breaches have increased and the Commerce Commission can issue on the spot infringement notices of \$1,000 or \$1,500 for certain offences.

*Make sure your business is meeting its legal requirements. Further information on the above can be found on the Commerce Commission NZ website [www.comcom.govt.nz](http://www.comcom.govt.nz)*

**JOKE #1**

An aged farmer and his wife were leaning against the edge of their pig-pen when the old woman wistfully recalled that the next week would mark their golden wedding anniversary.

“Let’s have a party, Homer,” she suggested. “Let’s kill a pig.”

The farmer scratched his grizzled head. “Gee Ethel,” he finally answered,

“I don’t see why the pig should take the blame for something that happened fifty years ago.”

**ARE YOU IN CHARGE?**

Time can fly. To make sure you are in control of your life and business direction, consider the following:

- Do you have a written plan or list of goals you are working towards (business and personal)?
- Are you achieving your desired balance between work, family, friends, leisure and personal development?
- Do you really enjoy what you are doing?
- Is your succession plan, retirement plan and savings on track?
- Is your will and other legal matters organised?
- Do you have a picture of how your business (and life) will look like in five years time?
- Do you analyse business returns annually to assess where improvements can be made?
- Do you know what cash operating surplus your business needs to generate to meet your drawings, loan payments, tax and investment needs?
- Do you have an annual budget and is this monitored against your actual results and business plan?
- Do you have a plan to develop your skills for the future (e.g. technical skills, people skills, financial skills, leisure activities)?

If you identify two or three areas you would like to address over the next year, determination will get you there.

## **BUDGET UPDATE**

The budget delivered in May 2015 included changes to:



### **Residential Property**

Gains from residential property bought on or after 1 October 2015 will be taxed, unless the property is the vendors main home, inherited or transferred in a relationship property settlement.

Any existing gains from current purchases with the intention of resale, taxation rules will continue to apply, even if it is outside of the two year time limit.

Additional measures will also mean that non-residents will be required to provide a NZ IRD number when buying or selling any property (other than main home) and have a NZ bank account. Further down the track a withholding tax will be introduced for non-residents selling residential property.

The Budget provides IRD with an additional \$29 million over the next five years to enforce property tax compliance.

### **Kiwisaver**

The \$1,000 kick start payment for new members was repealed from 21 May 2015. The current member tax credit of up to \$521 per year remains unchanged.

### **Child Support**

Proposed changes include the ability to amend the tests to write off penalties to take a more pragmatic and "fair and reasonable test".

### **Families**

Changes here will see an increase of \$25 per week for the benefit rates for families with children and in work tax credits for working families will rise by up to \$12.50. This starts from April 2016.

### **Other**

**Border Clearance** – From 1/1/2016 a levy of \$6 will be imposed to leave NZ and \$16 to arrive.

**ACC** – Further cuts can be expected to ACC for the 2016-2017 income year.

## **JOKE #2**

"Johnnie."

"Yes, teacher."

"If there are twenty sheep in a field, and one gets out through a hole in the fence, how many sheep are left in the field?"

"None, teacher."

"Johnnie, there are still nineteen sheep left in the field. Obviously you don't know arithmetic."

"Sorry, teacher, but I do know arithmetic.

Obviously you don't know sheep."

Thanks for reading.

You can read earlier copies of our newsletter at <http://www.dbchartered.co.nz/newsletters.php>

You can also download our annual checklist and common forms from the website.

If you would like to discuss anything mentioned in our newsletter please contact us at:

DB Chartered Accountants Limited  
9 King Street, PO Box 5594, Frankton, Hamilton 3242

E-Mail: [office@dbchartered.co.nz](mailto:office@dbchartered.co.nz)

Phone: (07) 847 8154

Fax: (07) 847 8152