

Newsletter

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ACCOUNTANTS LTD

Contents:

- Health & Safety Reform Bill – Latest changes
- What is a FBT Reimbursement?
- Time is on your side – yeah right!
- Book Review
- IRD – Important Notice
- Staff Update

Our newsletter this month looks at the Health and Safety reforms, FBT for shareholder-employees, and some time management ideas. Also included is a book review and changes to IRD policy on cheque payments received.

HEALTH & SAFETY REFORM BILL – LATEST CHANGES

The latest Health and Safety Bill aims to reduce NZ's workplace injury and death toll by 25% by 2020. The Bill is expected to become law in April or June 2015.



The key concepts of the bill are:

- The introduction of a PCBU “person conducting a business or undertaking”.
- PCBU's duty of care with regards to health and safety at work.
- Where there are overlapping health and safety duties, i.e. building sites, each PCBU has a duty to consult and co-operate to ensure health and safety matters are managed.
- It defines a worker and the duties they owe and are owed.
- It places a due diligence on officers of a PCBU to actively engage in health and safety matters to ensure compliance.
- It applies to volunteers in certain circumstances.
- Participation in health and safety matters by employees is strengthened.
- It allows for a wider range of enforcement and education tools for inspectors and the regulator and for increased penalties for contraventions.
- The bill will be supported by a comprehensive framework of regulations, Approved Codes of Practice and guidance.

The Bill ensures that every workplace participant, including workers, has a statutory duty for health and safety including:

- Taking reasonable care for their own health and safety and also other people at the workplace.
- Take reasonable care that his or her acts or omissions do not adversely affect the health and safety of other persons.
- Comply, so far as reasonably able, with any reasonable instruction that is given to them by the PCBU to allow the PCBU to comply with the law.

(Continued Page 4)

***“Either you
run the day or
the day runs
you.”***

WHAT IS A FBT REIMBURSEMENT?

For a number of our clients, instead of having them pay FBT (Fringe Benefit Tax) we record an accounting entry so that FBT does not need to be paid. This is normally when a Company owns a passenger vehicle used by the shareholder.

An example is shown below:

Vehicle value	\$40,000 (incl. GST)	<u>Expenses</u>	
		Annual Running Costs (fuel, servicing, repairs, insurance)	\$8,000
		Depreciation	\$12,000
			<u>\$20,000</u>
		Tax claim on expenses (@28%)	\$5,600



IRD rules state that FBT is reduced by any funds contributed by the employee. In this example we record an accounting entry so that the full FBT amount of \$8,000 (\$40,000 x 20%) is contributed as income to the Company by the owner. The costs to the shareholder are:

Tax on contribution (excl. GST)	\$1,950
GST on contribution	\$1,044
Net Cost to shareholder (excluding reduction of current account)	<u>\$2,994</u>

In this example the net benefit to the Company is \$2,606. Additionally, the Company can claim GST on the purchase price (\$5,217).

Using this method there is no need to keep a log book and you can have unlimited private use of the vehicle. After three years ownership this may need to be reassessed as the depreciation benefit reduces. Other factors include the price of the vehicle and the annual running costs. It is also important to ensure the vehicle is insured in the correct entity (for business purposes). You do not want a loop-hole voiding an insurance payout.

SIX MONTHLY UPDATE

For businesses with a March balance date, the 30th September represents six months trading for the 2015 income year. If you would like us to review your financial performance and your financial position for the year to date to see if it is on track with your expectations and provisional tax payments, please contact us.

JOKE #1

A blind guy on a bar stool shouts to the bartender, "Wanna hear a blonde joke?" In a hushed voice, the guy next to him says, "Before you tell that joke, you should know something. Our bartender is blonde, the bouncer is blonde, I'm a six foot tall, 200lb black belt. The guy sitting next to me is six foot two, weighs 225, and he's a rugby player. The fella to your right is six foot five, pushing 300, and he's a wrestler. Each one of us is blonde. Think about it, Mister. Do you still wanna tell that joke?" The blind guys says, "Nah, not if I'm gonna have to explain it five times."

TIME IS ON YOUR SIDE – YEAH RIGHT!

Do you sometimes feel there isn't enough time in the day to get everything done? Time is easy to waste, and unless you have a pre-determined idea of how you'll spend it, it will go by before you know it. Here are five tips that anyone can use to make the best use of their time.



1. Ignore Your Email

Most people tend to check their email every 5-10 minutes. Add up all of the minutes taken to continually check your inbox and respond and you'll see why it's such a time waster.

Set aside two time periods during the day to check and respond to all of your messages. This will require serious discipline, but it will allow you to devote more time and focus to other tasks. If you're worried that people will get offended by how long it takes you to respond, set up an auto reply that lets people know how long you will take to respond.

2. Organise Your Time – Don't Multi-Task

Force yourself to do one thing at a time by setting a clock or timer for a certain amount of time, and then focus on that one task until it's complete. There are some free online tools such as [e.ggtimer](http://e.ggtimer.com), where you can set the time, and then be alerted when it's up. Set aside time where you can work uninterrupted – let the phone go to answerphone, shut the office door or work away from the office.

3. Organise Your Space

It's difficult to work in an organised manner when everything around you is in chaos. Eliminate everything that isn't necessary, then create a system for the things that are. For example, use a color-coded file folder for the items that are urgent, to be done that day, and another for things that can wait until tomorrow.

4. Set Step-by-Step Goals

It is one thing to set a goal, but quite another to set a detailed goal where the steps needed to accomplish it are outlined in advance.

Set goals that have specific milestones. For instance, if your goal is to complete a quote or tender, you should think it through and write down all of the steps that you'll have to take in order to accomplish it. Knowing you've completed certain steps towards your goal can be extremely motivating.

Schedule the most important steps before lunch as you'll be more likely to concentrate on getting tasks done and not allow yourself to be sidetracked.

5. Put It in Writing

Writing down your plan of action for the day will arm you with a plan that will make you more efficient. There will always be distractions, but if you have a clear understanding of what you need to accomplish, you'll be more focused instead of aimlessly drifting from one task to the next. Creating this list the night before means you'll be able to start the next day fully prepared.

Try at least 2 of the above ideas every day for the next 2 weeks and get some time on your side.

BOOK REVIEW

“Unfair Fight – Give Your Business The Winning Advantage” – Sam Hazeldine (2014)



This book provides guidance on improving your business to get the results you want. Topics covered include identifying what stage the business is at, what attitude and leadership skills are needed to move forward as well as a comprehensive section on marketing, including differentiation, results marketing, making sales and the business culture. The book also covers other ideas to help the business owner stay on track and keep focused.

HEALTH & SAFETY REFORM BILL – LATEST CHANGES (Continued from page 1 ...)

Leadership

It is the role of directors of companies and owners of businesses to provide leadership that sets the direction for health and safety management. Leaders should, amongst other things, **be aware** of the organisation’s hazards and risks and have an understanding of hazard control methods and systems, **understand** how to measure health and safety performance so they can understand whether systems are being implemented effectively and **set an example** and engage with workers on health and safety.

There are a number of websites which are very useful when addressing matters of health and safety including:

- www.business.govt.nz/worksafe for tools & resources including guidance by industry.
- www.acc.govt.nz for publications and other resources including ACC Workplace Safety Management Practices under their Workplace Safety tab, Preventing Injuries, Health and Safety in the Workplace.

Like insurance, good health and safety practice gives peace of mind. For smaller enterprises this counts for a lot as it may be harder to recover from serious health and safety events. Prevention by good procedures, processes and implementation is the best means of defense.

IMPORTANT NOTICE

IRD – CHEQUE PAYMENTS

IRD advises that from 1 October tax paid by cheque must arrive at the IRD on or before the due date to avoid penalties and interest. With postal delivery times taking 3-4 days locally and 5-10 days further afield, you will need to be organized. Alternatively, you can pay on-line or you can drop your cheque in to us and we will deliver to the IRD on the due date.

JOKE #2

Wife: “How would you describe me?”

Husband: “ABCDEFGHIIJK.”

Wife: “What does that mean?”

Husband: “Adorable, beautiful, cute, delightful, elegant, fashionable, gorgeous and hot.”

Wife: “Aw, thank you, but what about IJK?”

Husband: “I’m just kidding!”

STAFF UPDATE

Joy Sugar retired from the firm recently. Joy has been with the firm for over 18 years and has assisted a number of clients during this time and we thank Joy for her contribution to the firm.

If you would like to discuss anything mentioned in our newsletter, or you have a suitable joke you would like to contribute, please contact us at:

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