

FINMAN

Newsletter June 2013

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Staff Updates at Finman Services Paraparaumu Limited

Vanessa Simpson retired last month, and is looking forward to enjoying her new lifestyle – we wish Vanessa all the very best on her new adventures. We would like to welcome Tanya Swift to our team as our new Receptionist/Administrator for Finman's. Tanya replaces Jenni Greer, who is now our Practise Manager. Josh Ambler has moved over to manage Finman Software Solutions Limited.

A reminder to keep updated on Finman Services via our website, and you can now like us on Facebook!



Is your workplace safe?

ACC levies will not be rising this year but that's not the only good news. If you run a safe work environment, you may be eligible for a Workplace Safety Discount from April 1, 2013.

In 2012, Cabinet agreed to expand the Workplace Safety Discount programme from the current seven high-risk industries to all industry groups.

This decision was made for a number of reasons but came about after requests were made from major industries to be considered for Workplace Safety Discounts. It aligned with ACC's goal to make health and safety incentive schemes attainable for all self-employed people and all small to medium-sized businesses in New Zealand.

Most importantly the expansion of Workplace Safety Discounts is an opportunity to encourage small to medium-sized businesses in all industries to increase their focus on their health and safety systems and raise their standard of safety management.

What does the expansion of Workplace Safety Discount mean for New Zealand businesses?

It means that all self-employed and small to medium-sized businesses will have the opportunity to apply for a Workplace Safety Discount, regardless of their industry. It's a way to save 10% on the work component of the levy.

Encouraging employers to employ youth

The government has introduced a new initiative aimed at encouraging employers to recruit young New Zealanders, especially those who have been on a benefit. It allows the lower minimum wage rate - 80% of the adult minimum - to apply to a wider range of people. The new scheme came into effect on 1 May 2013. The 'starting-out' minimum wage can be paid to certain categories of youth aged 16-19 years. Currently, the categories are:

- 16 and 17 year olds in their first 6 months of paid employment with their current employer
- 18 and 19 year olds who have received a benefit for 6 months or more and have not completed 6 months' work with any employer since starting on that benefit
- 16 - 19 year olds involved in a recognised industry training course of at least 40 credits per year

The starting-out wage replaces the new entrant minimum wage and the trainee minimum wage for under 20s. (There is still a trainee rate for those who are 20 years or older.)

'Mondayisation' ahead

Previously, when New Zealand celebrated Waitangi Day or ANZAC Day, and it fell on a Saturday or Sunday, it wasn't recognised with a day of paid leave unless the employee normally worked on that day. For some New Zealanders, this projected the idea that these dates, marking significant moments in our history, weren't important enough. Many also wanted to see employees enjoying their full entitlement of 11 public holidays every year.

We will now see the Mondayisation of these holidays. That means that if the date in question falls on a Saturday or Sunday, the public holiday will be treated as falling on the following Monday for those staff who do not normally work on the day upon which it actually falls. (Of course, the employee will only be paid for that Monday if it would otherwise be a working day.) And the public holiday will continue to be treated as falling on the Saturday or Sunday for those staff who normally work on the day it actually falls.



The changes do not mean that the actual observance of the two holidays will occur at different times.

The cost to businesses following the law change is not enormous since these holidays fall on weekends in only two out of every seven years. Although the relevant amendments come into force on 1 January 2014, the first time one of these holidays falls on a weekend is not until 2015.

'Wise are those who learn that the bottom line doesn't always have to be their top priority.' - William Arthur



Keeping the wolf from the door

The first few years in a new business can be the most delicate and you really don't want any unwanted surprises when your initial tax bill arrives. There have been constant murmurs recently about what to do if you're facing tax debt but what about some guidance as to how to avoid it altogether?

It's that age old solution: planning. By planning ahead and ensuring you have a surplus set aside for tax payments, you'll prevent any over the top or unexpected bills. The key is to start putting money aside from the beginning. And the trick? Once it's there, don't touch it. This is an essential point for new businesses because in the first year of operation, the IRD do not charge tax. However, these first year taxes will be lumped in with the second year tax charges and this is often where businesses get into trouble and wind up facing tax debt.

It's not just about the additional cash though. Always ensure you keep hold of your receipts and ensure your records are as accurate as possible.

- Understand your tax obligations and budget for them
- Keep money aside from a capital gain when selling an asset such as property or shares
- If you are collecting GST, always keep it in a separate account
- Update your financial records regularly (at least once a month)

We may be able to help you forecast for potential cashflow and assess what you may expect in your first few years of business. Avoiding tax debt should be on the radar for all businesses, new and established. Call us today if this is something you'd like to discuss.

Disclaimer:

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.