

WINTER NEWSLETTER

June 2018

**WHEN THE TAX MAN CALLS!**

It can be enough to make your blood run cold, that moment when you realise the tax man wants to talk to you!

We are receiving an increasing number of calls from concerned clients who are being contacted directly by Inland Revenue. This direct approach is being employed by IRD during their database transition where various tax types are migrated to their new "efficient" tax system. To date, GST, DWT and IPS tax types have been migrated, with the intention to have ALL tax types migrated to the new system over the next 12-18 months.

IRD are also contacting clients directly to promote their new AIMS system (quite aggressively in some cases), endorsing the system as being simple and easy to use. Our reality is that the detail required for such a system is a lot more complex and time consuming.

So, what do you do if IRD contact you directly?

We appreciate that you are busy in your businesses and do not need unnecessary interruptions that can be dealt with efficiently on your behalf. If IRD contact you directly, we recommend that you refer them back to us, as your tax agent. We will manage any queries on your behalf and keep you updated on any developments and progress.

EMPLOYMENT SCAM – DON'T LET IT BE YOU WHO GETS SCAMMED!

We have become aware of employment scams affecting forestry contractors currently being practiced in the Nelson district.

This, from Les Bak of Nelson Forests Limited:

"Individuals are calling up for work and providing references. When these are checked the person is given good references by a previous employer(s). The person will then usually ask for money as they are hard up or have personal issues affecting their ability to get to work. If they then get money they are then never heard from again, or they start work and then "disappear", give excuses to not show up, or terminate their employment without any commitment to paying back any of the money they have been provided."

Les also had the following advice to share:

- *Make sure your hiring practices have good diligence and reference checks beyond just the ones given if possible.*
- *Consider a police check for prior illegal activities. This may take time and be difficult to get.*
- *Ask for more work history than just recent and look for a trend of continued employment.*
- *Be wary of anyone who is asking for money to come to work beyond pay for work.*
- *Do not provide any keys, vehicles, gear beyond PPE to a new worker until they have proven their ability and commitment to the business and you know they are trustworthy.*

Remember, if you have any employment issues or concerns, give us a call on 0508 376 0092 and we can assist.

We also have available for purchase: a comprehensive employment package/agreement (specific to forestry); and a wage calculator model to assist you in your review of Non Taxable Allowances.

CLEANING OUT THE DIRTY MONEY: NEW LEGISLATION PUTS LAUNDERING IN THE SPOTLIGHT

While New Zealand is hardly the money laundering capital of the world, we still see our share of shady activity. Every year, around \$1.35 billion of fraud and drug-related money is laundered through legitimate New Zealand businesses.

Consequently, the Government has extended the reach of the Anti-Money Laundering and Countering Financing of Terrorism Act.

From October, accountants will be required to comply with this revised Act. So you might notice us asking for information about your business that we didn't used to – especially if it involves large cash transactions, or multiple companies or trusts.

If you deal in high value goods, you will need to consider these new rules as **cash payments of \$15,000 or more** in one transaction or which add up to \$15,000 or more in a series of cash payments **will be caught by the Act** from 1 August 2019.



AND IT'S NOT JUST THE TAX MAN!

We have had a number of clients who have been contacted directly by ACC to query the use of the "Administration" and/or "Management" ACC classifications for their businesses.

In some events, ACC are (incorrectly) advising clients that they need to change the classification and backpay shortfalls in ACC premiums from prior years.

Like the Tax Man, we are also your ACC agent and well placed to answer ACC queries on your behalf, freeing up your time to focus on your business operations.

Should ACC contact you directly, simply refer them to us to answer any questions on your behalf.

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.



MINIMUM WAGE INCREASE: 1 APRIL 2018

Effective from 1 April 2018, the minimum wage in New Zealand increased from \$15.75 to \$16.50 per hour.

Minister for Workplace Relations and Safety, Iain Lees-Galloway, says the \$0.75 rise will benefit around 164,000 workers and their families, and will increase total wages by \$129 million per year.

"Raising the minimum wage was one of the Government's top priorities for the first 100 days," he says, "and we are committed to increasing the minimum wage to \$20 by 2021."

The starting-out and training minimum wage rates increased from \$12.60 to \$13.20 per hour, remaining at 80% of the minimum wage. The Minister also advised however, that within the first 12 months of the Government's term it will abolish starting-out rates and consider changes to the training wage.

