

Winter Newsletter 2017

The shortest day has now passed, and we can look forward to summer – yeah right! Plenty more frosty mornings and wet days still to come..... (well here in Taupo anyway)

An update on what's been happening in the business world since our last newsletter.

If there is anything you'd like to discuss further please just call us.

Blackburne Group

ACCIDENT COMPENSATION

We've been hearing reports that ACC representatives are contacting business owners directly to check on the ACC classification for the business activity. They are targeting business' operating with a company and trust structure. We would have specifically structured your business activities this way to keep high risk activities separate from administrative activities. Contact us if you have received any of these calls and we will follow up with ACC on your behalf.

From July coming to your mailbox

- ACC workplace cover invoices for employers
- ACC CoverPlus, ACC CoverPlus Extra and ACC for self employed invoices

ACC offer the option of paying invoices over 10 months with interest at 11.95% – there's also an option of 6 months with NO interest, so look at that option too when negotiating to pay.

GIVE YOUR BUSINESS A MEDICAL



The end of July marks the first four months of trading for this financial year, making it a good time for a business health check or as we say Financial Warrant of Fitness (FWOF)

Comparing your past four months to the same period in previous years can show if your business has been growing. Our accounting programmes will produce monthly and yearly financial reports making these comparisons more viable.

When you identify changes and opportunities, look at the challenges you had, and work out your profit for the year, you'll be better able to make decisions about staffing or stock levels, and have a clearer idea of how much tax to put aside.

There are other things to consider:

- How do you think the next four months will go?
- Do you expect better growth this year?
- Will you need extra staff, plant and equipment or stock?
- Do you have the systems in place to run your business well?

We are here to assist you and your business, call us to discuss your reporting options and your business FWOF

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Independent Contractor versus Employee

We cover this topic quite often in our newsletter but there are always new issues drawing attention to the important distinction between the two and just how important it is to get it right. From the employment relationship, health and safety as well as the tax perspective.

A recent Employment Relations Authority case penalised 2 car sales companies \$65,000 for incorrectly categorizing staff as Independent Contractors and not affording them their basic employment rights.

Having no employment agreements because the owner believed his staff to be contractors wasn't enough to convince the labour inspectorate. A person is not able to be both a Contractor and an Employee so it is important to know the difference and to get it right.

Employee

- Must have an employment agreement
- Minimum wage
- Sick leave
- Annual leave
- Bereavement leave
- Statutory leave
- Kiwisaver obligations
- PAYE
- ACC
- Must work to the employers standards
- Able to raise a personal grievance

Independent Contractor

- No entitlement to paid leave of any sort
- No entitlement to raise a personal grievance in the employment court
- Able to refuse work
- Able to determine how work is done to a certain extent
- A written contract is recommended which clarifies the business relationship.
- May be subject to schedular payments but ultimately the responsibility for tax and ACC is theirs.

It is not always clear cut and when disputes occur the Employment Relations Authority consider all relevant matters and the parties' position on the relationship is not always conclusive.

We suggest that you talk to us before you start a new independent contractor, we have templates that can assist with getting it right "from the start" and if you already have a contractor working with you and you have some questions, give us a call and we talk it through.

As I get older I realize:

1. I talk to myself, because sometimes I need expert advice.
2. Sometimes I roll my eyes outloud.
3. I don't need anger management, I need people to stop pissing me off.
4. My people skills are just fine. It's my tolerance of idiots that needs work.

Insurance Funding

Are you aware of the actual cost of the interest when you fund your insurance premiums over 10 months? Quoted 5-6% this appears cheap, BUT watch for words like "flat" interest rate as the actual annualised interest cost is around 13-14%.

It may be cheaper to use your overdraft facility, most OD rates are less than 13-14%. Ask to pay insurance premiums over 3 months, interest free. Ask your broker for other options don't just opt for insurance funding!

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.