

July 2015

Craig Stobo



At McCulloch + Partners we are involved in a wide range of activities and industries within our community. We not only help these organisations meet their goals, we also develop professional relationships with a number of interesting and successful people.

By developing these networks we are able to identify professional people who have unique expertise and experience that we believe can add value to our clients. One of those people is Craig Stobo.

Grant McCulloch, Partner at McCulloch + Partners, first met Craig in 2007 and has since worked alongside Craig in their role as Trustees of the New Zealand United World College Trust.

Craig Stobo is a successful entrepreneur who was educated at Otago University (1981) with a Bachelor of Arts (Hons) in Economics and latterly at the prestigious Wharton Business School (2004). For the past 30 years Craig has held many roles including having worked as a diplomat, economist and investment banker. He was also the founder and Chief Executive Officer at BT Funds Management Ltd.

Craig is highly regarded in political circles and has authored reports for the Government including "The Taxation of Investment Income" as well as being the chairman for the Government's International Financial Services Development Group in 2010.



Craig is the current chairman of Precinct Properties New Zealand Ltd (NZX Listed), AIG Insurance New Zealand Ltd, Fliway Group Ltd and the NZ Local Government Funding Agency (LGFA). He also has a number of private equity interests including his role as the chairman of the Bio Marine Group of companies.

The Bio Marine Group is a well established oyster aquaculture business in New Zealand which was looking for a complementary investor to help expand and grow the business.

The Riverton Fishermen's Co Ltd Group, of which Grant McCulloch is a Director, were looking for investment opportunities; Grant identified a potential match in regard to investment capital, industry knowledge, market contacts, expertise and personalities between the Bio Marine and the Riverton Group.

Through this professional network the Riverton Fisherman's Co Ltd Group have now invested in the Bio Marine Group and is helping to grow the business and develop a strong, long-term relationship.

McCulloch + Partners are proud to have a professional relationship with Craig Stobo as part of our extended professional network. That network allows us to help our clients access opportunities and specialist expertise and to add value to their business.

Audit Shield



In the coming weeks you may receive a policy renewal letter from us in relation to Audit Shield, so we thought it was timely to remind you of what this product is and how it works.

What is Audit Shield?

Audit Shield provides for the payment of professional fees that are incurred when assisting in a response to an official audit, enquiry, investigation or review of returns lodged with Inland Revenue (IR) or other government authorities.

What does Audit Shield Cover?

The policy will cover the costs of processes that are being made to ensure a business or taxpayer is in compliance with various tax and legislative requirements such as:

- Income Tax
- GST
- PAYE
- Computer Tax Audits
- FBT
- Record keeping
- Imputation Credit Account
- Resident Withholding Tax
- Dividend Withholding Tax

What are the benefits?

No unplanned fees as a result of being selected for audit, review or investigation.

Coverage for the group of entities, not just the main entity, under one premium.

Coverage for current year and previous years returns even if they were prepared by another accountant, so long as you have cover in place at the time the notification of audit is issued.

Is the cost tax deductible?

Yes, a tax deduction should be available when you are in business.

What professional fees are covered?

The policy covers relevant professional fees up to the prescribed limit (with no minimum amount) when responding to a review, audit or investigation. These include accounting fees, legal fees and other specialist professional advisor fees required to assist us in resolving the matter.

When does cover start?

One business day after the receipt of your payment of the policy.

If you would like to know more about this product please contact your advisor.



Budget 2015

Safe as houses

The focus of this years budget was on damping down property speculation.

There will now be a window where the sale of residential property within two years of purchase will be subject to tax. This does not apply to:

- taxpayers selling their family home
- inherited property, and
- property that is being transferred as part of a relationship property settlement

The new rules will apply to properties bought on or after 1 October 2015 however, more detail is expected to come out in the coming months.

It's important to note that if you intend to sell a property outside of the 2 year timeframe, the sale may still be subject to tax, as it may still fall within other rules relating to the taxation of property.

IRD numbers

In addition, anyone buying or selling land - both New Zealand residents and non-residents - will have to provide an IRD number as part of the land registration process. All sales of land - other than sales of the main family home - will be subject to this requirement.

Non-residents will also have to:

- provide their country's equivalent of an IRD number, and
- open a New Zealand bank account

Kiwi Saver

The \$1,000 kick-start incentive payment is no longer available to people enrolling in Kiwi Saver and took effect on 21 May at 2:00 pm (when the budget was announced). This does not affect existing Kiwi Saver members in any way.

ACC levies

ACC levies will continue to fall, with cuts of \$375m forecast for 2016 and a further \$120m in 2017. If cut as forecast the average motor vehicle levy, including the annual licence fee and petrol levy, could fall to around \$120 in 2016.

Border Clearance Levy

A new Border Clearance Levy is expected to be introduced from 1 January 2016 to fund bio-security and customs activities. Subject to consultation, the levy will be around \$16 for arriving passengers and around \$6 for departing passengers.

Key Dates

July

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|---------|---|
| 6 July | PAYE (Large Employers) |
| 20 July | PAYE (All Employers) |
| 28 July | GST Return and payment due for the period ended 30 June |
| 28 July | Provisional Tax <i>1st Instalment (February balance date)</i> <i>2nd Instalment (October balance date)</i> <i>3rd Instalment (June balance date)</i> |

August

| | |
|-----------|---|
| 5 August | PAYE (Large Employers) |
| 20 August | PAYE (All Employers) |
| 28 August | GST Return and payment due for the period ended 31 July |
| 28 August | Provisional Tax <i>1st Instalment (March balance date)</i> <i>2nd Instalment (November balance date)</i> <i>3rd Instalment (July balance date)</i> |

September

| | |
|--------------|---|
| 7 September | PAYE (Large Employers) |
| 21 September | PAYE (All Employers) |
| 28 September | GST Return and payment due for the period ended 31 August |
| 28 September | Provisional Tax <i>1st Instalment (April balance date)</i> <i>2nd Instalment (December balance date)</i> <i>3rd Instalment (August balance date)</i> |

Cloud Accounting

As cloud computing becomes entrenched in the technology sector we still find that many business owners and professionals are still not quite sure what it is or how it applies to their industry. In this article we look at what cloud computing is and how it could be beneficial to your business.

What is cloud computing?

It is simply using the internet to access software rather than physically installing it on a computer. Many of you are already using cloud computing through email providers such as Hotmail and Gmail, where the software and data is stored remotely and is accessible from any computer with an internet connection.

What is cloud accounting?

Cloud accounting serves the same function as cloud computing. Essentially you are accessing the software you use to manage your accounting information via an internet connection and you are storing this on the software provider's servers securely.

Why is cloud accounting good for your business?

Cloud based accounting software offers a number of benefits for businesses including:

- Removing the need for businesses to store and manage data and maintain expensive computer hardware.
- You can operate the software from a single computer with a standard modem providing an internet connection, without being connected to a server or having specific software installed on the computer.
- The information can be updated and accessed from any computer anywhere in the world.
- There is only one version of the "truth". That is, there is only one copy of the accounting data that both you and your accountant work with.
- Business owners can interact with their accountant in real time instead of having to send the "back-up" data file to the accountant each time.
- A monthly access fee is paid which usually works out less than the cost of buying the software and then paying for annual subscriptions.
- The software is automatically kept up-to-date by the provider meaning that you don't need to download updates such as new tax rates where the payroll module is used.
- Provides sufficient flexibility so that you can run your business from work, home, or on the go; and from any device.

Our staff in both the Invercargill and Queenstown offices are proficient in the cloud based business software listed below, and can help install, train and support you and your staff. We currently have 20 accredited users of Xero and one fully accredited trainer of QuickBooks in our Queenstown office.

If you are interested in finding out how McCulloch + Partners can assist you with your accounting system please contact your advisor.

