

Company Director ID

The Companies Office is tightening up the integrity of the register. All directors must supply their date and place of birth to the registry by the end of October. All our company clients have been advised of this requirement; and we thank those who have given us their details, Those directors who have not yet done so, should contact lois@clelandhancox.co.nz with their date and place of birth.

Courts Help Suppliers Against Liquidators

Have you ever had a regular customer go broke and then had the liquidator demand back from you the last few payments you received from that customer? So frustrating, and just another uncertainty in business. But recently, liquidators of companies have suffered a couple of reverses at the hands of judges. The Supreme Court has affirmed that a supplier who received a customer's payment in good faith and had no reason to

suspect that the customer was insolvent, can keep the money. The Court of Appeal has ruled that a liquidator when looking at a running account over the specified two year period, cannot simply pick the peak indebtedness as the benchmark to measure the amount to be demanded back from the supplier. These two decisions can help suppliers resist the demands of liquidators of bankrupt company customers.

Death of a Shareholder

In company tax law, there are rules in place to ensure that imputation credits held by a company are not able to be transferred to a new shareholder upon the transfer of the shares. In order to maintain shareholder continuity for imputation credits, there must be 66% commonality of shareholders between the time the tax was paid and the use of the imputation credit. Planning is required when shareholder changes occur to ensure that a dividend is paid, or credited, to the existing shareholders before the change so that the imputation credits are utilised and not lost. If this isn't done, then the profit that tax related to must have withholding tax deducted; essentially a second amount of tax is paid ... who wants to pay tax twice?

So what happens when a shareholder dies and the appropriate planning cannot be undertaken to ensure the commonality of shareholders? Is a second amount of tax required to be paid?

If a person dies with a shareholding that will breach the continuity rules, these shares are then passed onto a beneficiary or trustee under either the will or intestacy. The person that acquires the shares is treated as having acquired the shares on the same date as the deceased person and having held it until the date they actually acquired the shareholding. In this situation, the continuity rules are not breached and the imputation credits still remain available to the company to attach to dividends. No double taxation.

"All directors must supply their date and place of birth to the registry by the end of October."

“The intention of the reforms is to achieve a reduction in workplace fatality and serious injury by 25% over the next 5 years.”

Foreign owned companies require a NZ Director

The government intends to hold accountable NZ registered companies which are controlled overseas. So a law has been passed which requires all NZ incorporated companies to have a director who is resident in this country, or who lives in another country which is satisfactory to the authorities here, and is a director of a company incorporated in that country. The only such country presently approved is Australia. From 1st May all companies will have 180 days to appoint a New Zealand resident director if they do not already have one.

Health & Safety Reform Bill

There is a new Bill for Health and Safety Reform that is expected to be passed by Parliament before the end of the 2015 year. It will result in changes to the Health and Safety at Work Act that will be implemented in stages.

The intention of the reforms is to achieve a reduction in workplace fatality and serious injury by 25% over the next 5 years. This will be done through a mixture of measures including:

1. Stronger Governance Duties;
2. Greater worker participation
3. Harsher penalties; &
4. More intense enforcement

The changes are being put in place to ensure that everyone involved with the business is clear on what is required to maintain sound health and safety practices in the workplace.

Also to ensure workers know how to keep themselves and colleagues safe as well.

What is the impact on you & your business?

Directors and managers will need to:

1. Maintain up to date knowledge of workplace health and safety matters
2. Understand the industry and business along with associate hazards and risks.
3. Ensure and verify that the Person Conducting a Business or Undertaking (PCBU) has access to and uses the appropriate resources, information and processes to minimise the safety risks.

The ongoing review of workplaces will be undertaken by Worksafe NZ. The organisation currently employs over 500 staff, including 167 inspectors, and they are actively recruiting to increase this number.

The legislation is part of a major reform of health and safety practice in New Zealand. It is important that your business is ready for the changes that are coming.

Overseas Pensions Reminder

With 31 March rolling past, we have completed another tax year. For those people who have transferred lump sums from overseas pensions to New Zealand prior to 31 March 2014 and have not declared them for New Zealand tax purposes, the 2015 income tax year is the last opportunity to do so under IRD'S special allowance.

Under the special allowance rules, 15% of the lump sum transferred is declared as income in

the tax return for 2015 and taxation is then paid on this amount. A disclosure is also made as part of the income tax return.

If you have transferred lump sum from a pension overseas up to 31 March 2014, and have not paid tax on the funds transferred, or you are not sure if you have maintained your New Zealand taxation compliance in regards to your overseas pension, get in touch with us so that we can work with you to get this right.

Reduced financial reporting - what it really means

As many business owners and individuals are aware, the government passed legislation during the course of the last two years to reduce the amount of compliance required by companies. This included an overhaul of the Financial Reporting Act that also caused changes for financial reporting in both the “for profit” and “not for profit sectors.”

Many of the changes took effect for financial reporting periods beginning on or after 1 April 2014 with the rest commencing on reporting periods commencing on or after 1 April 2015.

What we now have is 7 tiers of financial reporting depending on the type of organisation that you are; either profit or not for profit, and how big you are. Size determines your reporting requirements. So much for simplification!

For most business, the changes mean that they are no longer required to prepare financial statements that were prepared under generally accepted accounting principles (GAAP). However, as we have warned previously, there will still need to be financial statements prepared for taxation purposes, banks (if the bank requires it) and other stakeholders if requested.

Inland Revenue have determined what they require for taxation reporting and released a set of special purpose financial reporting standards specifically for taxation purposes.

Rather than reducing the amount of information required, as part of their risk based approach, they are now requiring more information to be included than they have in the past. Essentially it has meant having to redo the way we present financial statements at year end to cater for the extra information now required.

“Size
determines
your
reporting
requirements.
So much for
simplification!”

Tax Refunds by Cheque

The IRD are now making it difficult for taxpayers to get refunds by cheque. We now have to remove any bank account number from the tax return, and ask in writing for the refund by cheque. Otherwise IRD will pay the refund into any bank account number they have for the taxpayer - which may be years old.

The 10 top drivers to employee retention:

1. This organisation is a fun place to work.
2. My job gives me a sense of personal achievement.
3. I feel my contribution is valued in this organisation.
4. I feel a sense of belonging to this organisation.
5. There are career opportunities for me in this organisation.
6. The work I do makes full use of my knowledge and skills.
7. The pay & benefits I receive are fair for the work I do
8. I have confidence in the leadership of this organisation
9. This organisation cares about the wellbeing of its people
10. The level of work-related stress I experience at work is acceptable.

Source: 2013 IBM Kenexa Best Workplaces



For over 25 years ...

PROVIDING EXCEPTIONAL CLIENT FOCUSED BUSINESS SOLUTIONS

Cleland Hancox Limited are pleased to announce the appointment of Tony Young as a Director.

Tony enjoys working with a diverse portfolio of clients and has a special interest in the Information Technology Trade/Construction and Manufacturing sectors.

Tony is a member of the Waikato Chinese Association and actively supports the Waikato Society of Arts.

Congratulations to Astra Motor Lodge

Cleland Hancox Limited congratulate Bronny and Steven Pett of Astra Motor Lodge on winning **Supreme AA Host of the Year for New Zealand.**



Level 3, 18 London Street
Hamilton 3240, New Zealand
Telephone: 07 838 2692
Facsimile: 07 838 1667
Email: info@clelandhancox.co.nz
www.clelandhancox.co.nz



New Zealand Independent Associates:

- Walker Wayland Auckland Limited Auckland
- Munro Bengel Chartered Accountants Limited Wellington

Member of the New Zealand Institute of Chartered Accountants
Independent Member of Walker Wayland Australasia Limited