

laydoddnews

Season's Greetings 2014

Our office will close on Tuesday 23 December 2014 and reopen on Monday 12 January 2015.

We wish you a safe, healthy, and happy Christmas, and a Prosperous New Year!



Solve your Christmas cashflow issues

The period after Christmas can be tough for many small and medium sized businesses.

According to more than half the respondents to a poll conducted by the Employers and Manufacturers Association, January to March is when they tend to experience cashflow constraints.

It's hardly surprising, really. The period after Christmas is traditionally slow business-wise. Consumers are either enjoying their holidays or getting their finances in order following their festive season spending. Earnings will be down if businesses shut during the break. Others may feel the pinch if they have paid staff bonuses prior to the holiday season.

It is therefore understandable that having to make a provisional tax payment on 15 January might be a bit problematic for some. But this does not change the fact that IRD expects this payment to be made on time and will charge taxpayers late payment penalties of up to 20 % per annum and use of money interest of 8.4 % if the tax is not received on the due date.

However, those who wish to free up cash at a time when they need it most have an option.

Tax pooling is IRD approved and can be used to defer provisional tax payments to a time that suits the taxpayer, without incurring late payment penalties and use of money interest.

This method is cheaper than using many other traditional forms of finance (rates at Tax Management NZ start from below 6%), and does not affect existing lines of credit. No credit check or security is required.

The full amount of finance does not need to be paid back if less tax is owed than first thought. The finance arrangement can be easily extended as well.

How it works

Say you wish to defer a \$5,000 provisional tax payment for six months.

You would pay Tax Management NZ a one-off, tax-deductible interest amount and Tax Management NZ would arrange the \$5,000 provisional tax payment on your behalf. The interest amount is based on the amount of tax financed and the period of maturity, so in this instance would be \$145.

The provisional tax payment is held in an IRD account administered by the Guardian Trust. Guardian Trust instructs the IRD to transfer the tax into your IRD account when you repay the \$5,000 principal in six months' time.

IRD treats the \$5,000 provisional tax as being paid on time once the transfer is processed.

Please phone us if you would like to know more.

Tax Reminders

15 Jan	Provisional Tax (2 nd instalment)	Standard provisional taxpayers on March balance date
	GST return and payment for period ended 30 November	Taxpayers filing GST on a monthly basis AND taxpayers (with March, May, July, September, November and January balance dates) filing on a 2 monthly basis
28 Jan	GST return and payment for period ended 31 December	Taxpayers filing GST on a monthly basis AND taxpayers (with February, April, June, August, October and December balance dates) filing on a two monthly basis
7 April	Terminal Tax FBT	Taxpayers (where we prepare tax returns) with a March 2014 balance date Close companies paying FBT on an income year basis (where we prepare tax returns) with a January balance date.
15 May	Provisional Tax (3 rd instalment)	Standard Provisional tax payers

'Tis the Season to be..... on call

Do you have situations where some employees will be on call during a public holiday?

If so, they are actually entitled to a contractual on call payment as well as at least time and a half rates if they are called out.

Whether or not they are also entitled to an alternative holiday depends on whether the public holiday falls on what would normally be a working day:



If the public holiday falls on a day the employee would normally work

If the employee is on call...

S/he is entitled to...

...and is called out

at least time and a half for the actual hours worked (the employment agreement may provide for more) plus an alternative holiday as well as any contractual on call payment

...and is not called out but the restrictions of being on call mean the employee has not enjoyed a full holiday (ie, if the employee is required to stay at home all day)

an alternative holiday as well as any contractual on call payment

... and is not called out but the employee's freedom is NOT restricted (ie, s/he can choose not to accept the call out)

any contractual on call payment but s/he would only be entitled to an alternative holiday if s/he accepts a call out

If the public holiday DOES NOT fall on a day the employee would normally work

If the employee is on call...

S/he is entitled to...

...and is called out

at least time and a half for the actual hours worked (the employment agreement may provide for more) plus any contractual on call payment

...and is not called out

any contractual on call payment

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.