



Risk and Reward

Keeping the relationship special

We have long known we're a nation powered by small business. And that lends itself to highly personalised ways of doing business, strong relationships going back a long way, teams that feel like family.

That's why it's so devastating when a business finds out someone they've trusted has cheated them, sometimes over a long time: a so-called 'person in a special relationship'. There have been a number of high profile employee cases recently, but it's not just employees – it could be any advisor. If they betray your trust, they are people who can damage your business badly.

When these stories come to light, there are many variables: gambling addictions, sudden illness in a loved one, someone dipping into client funds thinking they'd be able to pay it back, someone who's worked with the business since Mum and Dad ran it. The common thread is in the environment: someone was trusted enough that no one was checking.

Housekeeping

Good systems make it easy to understand and hard to hide things. Have systems in place to routinely look at where your money's going or that require you to sign off on key transactions.

Monitoring

Do you have regular reporting? Compare your profit to overhead ratios to competitors and your history and question inconsistencies.

Buddy Systems

Buddy systems can strengthen your succession plans as well as taking the pressure off when a signatory takes holidays.

Background Checks

Reference checks are a truism of recruitment but it's important to take them seriously. There are specialists who can provide this service.

Audit

While audit is a significant additional business expense and we don't suggest it lightly, periodic independent financial reviews or spot checks might be worth considering. If only to let it be widely known that this is one of your resources. We can help you with risk assessment for your business and help you strengthen your systems if needed, just give us a call.



Recent earthquakes in New Zealand



If you've been affected by the recent earthquakes, we know that tax won't be front of mind for you right now. Please don't worry if you can't meet a particular filing or payment date. We're able to take a realistic and flexible approach in these circumstances.

Customers who've missed filing returns or making payments can ask us to grant relief from penalties.

If you've been impacted by the earthquakes, and are struggling to deal with your tax or payments, please contact your tax agent or accountant.

You can call us on 0800 473 566.



Christmas Entertaining?

<i>Entertainment Expenses Table</i>		50% deductible	100% deductible
1	Friday night drinks for team members or clients in the office.	✓	
2	Friday night drinks for team members or clients in the pub.	✓	
3	Hire of a launch to entertain clients.	✓	
4	Restaurants providing food and drinks to team members at a function in their restaurant.	✓	
5	Sponsoring local sports teams and receiving tickets to their corporate box in return.	✓	
6	Sponsoring a sports team by providing a meal for the team at their grounds after each game.	✓	
7	Staff Christmas party on or off the business premises.	✓	
8	Taking a client out to dinner while you are out of town on business in New Zealand.	✓	
9	Taking a client out to dinner.	✓	
10	Dinner for Sales Rep while out of town selling and no client present.		✓
11	Donating food to a Christmas party in a children's hospital.		✓
12	Employee's salary package includes a taxable allowance for entertaining clients.		✓
13	Golf club subscription for business owner paid by the Company.		✓
14	Gym membership for team member paid by employer.		✓
15	Providing a meal for a journalist while reviewing your business for their column.		✓
16	Providing morning and afternoon tea for your team.		✓
17	Sandwiches provided at a lunchtime meeting of supervisors.		✓
18	Sponsoring a local sports team		✓
19	Taking a client out to dinner while you are out of town on business outside New Zealand.		✓

IRD updating farmhouse expenses rules

Inland Revenue is looking to bring tax accounting practice regarding farmhouse expenses into line with the law, as part of a review of out-dated practices and policies. The practice of full-time farmers deducting 25% of farmhouse expenses without needing to provide evidence of their business use has been accepted by the department since the 1960s. Farmers have also been able to deduct 100% of rates bills and interest costs on loans to purchase the property.

It is suggested that where the cost of the farmhouse is less than 20% of the total value of the farm, farmers will still be able to claim a 100% deduction on interest costs. However deductions on rates related to the house and general farmhouse expenses would be at a new flat rate of 15% unless the taxpayer can provide evidence to substantiate a higher claim.

It's going to be generally business as usual for large farms except the automatic deduction will be based on 15% of farmhouse costs rather than the previous 25%. The proposed rule changes are seen as mostly affecting smaller operations or lifestyle blocks. The changes will apply from the start of the 2017 – 2018 year after submissions have been considered.



Footes welcomes a returning staff member...!



Janette has returned to Footes after a 20 year break. She originally started in 1981 as Office Junior and left in 1996 to have her son. Janette lives on a small farmlet at Waitohi and enjoys gardening, biking and following her son's rowing.



The team at Footes wish all their clients a safe and happy Christmas break and look forward to seeing you in the New Year.

We will be closed for the Christmas break from 12 noon on Friday 23rd December 2016 and re-opening at 8.30 am on Monday 16th January 2017.



Xero Certified Advisor



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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.

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