



FEBRUARY 2017 Newsletter



Hi to all our Clients and welcome to 2017, lets make this year a great one !



FROM OUR OFFICE

Running late with your year end accounts ?



There are a number of Clients who have not yet provided us with the information we need to complete the 2016 year accounts and tax returns.

We need your information by 15th February at the latest. We cannot guarantee that we can process work that we receive after that date, and file tax returns by the 31st March deadline.

The IRD are cracking down on late filing of accounts and imposing penalties, which I'm sure none of us want !



Do I have all the information I need ?



On the KTS website, there is a questionnaire form which lists all the records we need to complete your accounts. We also need you to print off this questionnaire, sign it and include it with your information.

[CLICK HERE TO GO TO THE QUESTIONNAIRE](#)

If you are still unsure whether you have all your information together, just get what you have to us as soon as possible and we will let you know if anything is missing.

We would appreciate your cooperation, together lets get your tax returns filed on time and avoid penalties.

Contractors to choose their own tax rate ?



FROM 1 April 2017, the Government is proposing to allow contractors whose income is subject to withholding tax deductions, to choose their own tax rates.

Those who have typically been over-taxed might want to choose a lower rate. The minimum for New Zealand residents has been set at 10%. Others, who have a lot of year-end tax, might be more comfortable having higher deductions.

The maximum number of times you will be entitled to change your rate during the year is twice. After that, the payer will have to agree to your request to make the change.

If you haven't been complying with your tax obligations, you might not be allowed to choose your own tax rate.

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If you sell your business - Dont grab all the money !



If you sell your business, which you run through a company, the money from the sale does not belong to you it belongs to the company.

You can only take it out if you are entitled to do so. If there is money owing to you, according to the balance sheet of the company, then that money can be paid out. However, any more than this becomes a loan to you or may even be an illegal distribution.

A problem can arise when a business is sold and the seller gets paid for "goodwill". This is the value of the customers who have been built up over the years. It is a payment for the potential to get a higher income.

The sale of goodwill in excess of what was paid for it (if anything) is usually a capital gain. This capital belongs to the company.

You can get it out if your company happens to be a Look-through company or one of those old qualifying companies. Otherwise, it must stay there until the company is wound up. If you take the cash out prematurely it has to be treated as a loan from the company to you, or there are tax consequences as a result. If you want the capital gain paid out to you without tax consequences, you must first have a signed special resolution of shareholders resolving to wind up the company. Please contact us at KTS if you require any further information on the sale of your Business.

Go for the shortcuts on your computer - here is a few (for PC's only).



Try these shortcuts and get in the habit of using them regularly. It'll save you time.

- If you press the function key, F9, at the top of your keyboard, it will automatically magnify the document you are looking at. Press it again to return to normal size.
- If you're looking for a keyword, you can find it by holding down the control key and pressing F. You then type in the word you are looking for. Each time you press "enter", the cursor will take you to the next place where this word appears in the document.
 - Press the function key F2 and you will find this is a shortcut for renaming a selected item.

Trouble with bad debts ? - how to reduce them

PREVENTION is better than cure when reducing the number of bad debts.

- Avoid giving credit to a stranger without undertaking a credit check.
- If you have to give credit without doing a proper check, be sparing.
- Giving credit can help you gain customer loyalty, but be careful.
- There is no obligation to give credit to anyone, assume you will be paid on the spot.

If it can't prevent bad debts then:

- Jump on new customers who start to abuse your credit arrangement.
- Make notes of every conversation you have with a debtor.
- If you have to make follow up calls, quote back to the customer what he/she undertook to do.
- Immediately after you have made a call, make a note in your diary of the day on which you will next call if the money has not been received and keep a record of what was said.
- Discontinue giving credit to the chronically bad payers. The time you put into them will destroy your profitability. You could be doing better things with the same time.

What about the big customer who will not pay on time?

Small businesses often find their biggest customer is their worst payer. You feel you can't afford to be too demanding, in spite of the fact you're entitled to your money. What should you do?

The answer is not to have one major customer that dominates your business. You will always be vulnerable while you let this continue.

Set a maximum percentage of total sales from any customer and do your utmost to see this is not exceeded. If your big customer goes broke it could take your business with it.

