

CENT\$IBLE NEWS

Make\$:Cents
Accounting

CONNECTING CLIENTS TO MAKE THE MOST OF THEIR CENTS

JULY 2018

IN THIS ISSUE

- FBT – Fringe Benefit Tax
- Makes Cents News
- Contact Details
- Subdividing Properties
- “Pub” Accounting

FBT – FRINGE BENEFIT TAX

If you trade as a company and you employ staff, then do you provide benefits to your staff that are subject to PAYE or Fringe Benefit Tax? For example do you let your staff take company vehicles home and let them use them for private use, do you pay for health or life insurance for them, or do you buy gift vouchers for them as a thank you for their efforts? This also applies to shareholder employees.

If any of the above apply to you then you need to talk to us as any of the above scenarios could subject you to FBT, PAYE or the entertainment rules with only a 50% claim for GST and income tax. Inland Revenue are looking at staff benefits for staff and clamping down so we need to make

sure you are all treating things correctly. There are limits applicable before FBT is applicable such as \$300 limit per staff member per quarter. If you are in doubt talk to us as it may not be as scary as you think.

MAKES CENTS NEWS

There are changes ahead at Makes Cents. Wendy Cate who has been at Makes Cents from the beginning has decided it is time for a change and has moved on to a new job. But we are pleased to announce that we have employed Nalynee Tuhi as a Senior Accountant. Nalynee (pronounced Narlean) is a qualified Chartered Accountant who lives in Upper Hutt and brings to the firm extensive experience in Accounting and we are excited that she has joined Makes Cents and will bring a breath of fresh air to the team and I am sure will keep us all on our toes. She starts with us on the 20th August so if you are passing by the office call in and meet Nalynee as she will be only too pleased to see you. We are going out for lunch on Friday the 27th July 2018 with Wendy and the office will be closed from 12 noon to 2pm.

THE TEAM

Maurice O'Reilly – Business Consultant

Lauretta McKelvey – Client Services Manager

Nalynee Tuhi – Senior Accountant

Angie Kempson – Accountant

Bronwyn Thompson – Frontline/GST Administrator

CONTACT DETAILS

If you change your address, phone or email details please advise us. If we don't have your correct details then we can't keep you up to date with what is happening at Makes Cents or in the world of business and tax.

So if any of your details change just give us a ring or send us an email with your new details.

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SUBDIVIDING PROPERTIES

If you subdivide the residential property that you live in there may be tax consequences, and if you sub divide a rental or commercial property then we can just about guarantee that there will be tax consequences.

We have seen instances lately where properties have been subdivided and a part sold off. We find out about it when doing the end of year financial statements and tax returns and by that stage it is too late to provide the right advice and make people aware of the tax consequences.

So talk to us before you subdivide property so that we can provide you with the right advice or point you in the right direction to avoid the shock of a big tax bill at the end of it all.

“PUB” ACCOUNTING

“Pub” Accounting is what we at Makes Cents call all the theories that we hear from people about what you can claim for tax and about paying tax. The classic one we hear is “Joe makes a heap of money but doesn't pay any tax.” Fact 1 - if Joe doesn't pay any tax then he is not making any money / profit and is merely drawing down capital and eroding the value of asset or business. Fact 2 – if Joe isn't paying tax and isn't drawing down capital, then someone else or another entity is paying the tax for him. For example if he is only getting dividends then the company paying the dividend is paying the tax, or if he is getting the a distribution from a trust then it is probably the trust paying the tax.

The moral of this story is don't believe everything about accounting and tax from friends and others, talk to an expert and that expert is us at Makes Cents. We are here to help you.

*“Commonsense and easily understandable advice and services without the
“Accountanese”*



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