



Christmas TAX ISSUES

Payment of Christmas Bonuses

The payment of Christmas bonuses to staff is treated by the IRD as an extra emolument, which means a special lump sum payment. An extra emolument is taxed at a flat rate. Deduction rates are as follows:

Employee Gross Earnings	Deduction Rate
Less than \$38,000	21%
\$38,000 - \$60,000	33%
\$60,001 +	39%

The bonus should be added to the employee's earnings and returned in the next PAYE return to the IRD. Code all Christmas bonus payments to wages & salaries in your ledger or cashbook.

Staff Parties

Under the entertainment rules staff parties can be 100% tax deductible. To qualify the party needs to be held off your business premises. If the staff Christmas party is held on your business premises it may only be 50% tax deductible unless other criteria are met.

Meal Vouchers

If you provide employee's with meal vouchers as a reward for performance or in lieu of a staff party the value of the voucher is subject to Fringe Benefit Tax (FBT) and it needs to be returned to the IRD. The cost of the voucher is fully tax deductible.

Gifts

The giving of gifts to clients is fully tax deductible as a marketing expense. The giving of gifts to employees may result in a FBT liability payable to the IRD.

Holiday Pay

Employee's taking annual leave over the Christmas/New Year Break are entitled to holiday pay provided they meet the conditions set out in their employment agreement. These conditions will generally be:

- Have worked for your business the required length of time, usually 12 months; or
- Have accrued annual leave entitlement to cover the time off required.

If your employee does not meet the entitlement criteria as specified in their employment contract you may grant leave without pay or you may grant annual leave in advance. If granting annual leave in advance you need to keep a record of it so that if they leave before the entitlement has been accrued you can claim back any over payment.

Casual employee's should be paid their holiday pay with every pay at 6% of gross earnings for the pay period.

Statutory Holidays

Employee's who are normally rostered to work any day that falls on a statutory holiday are to be paid for an ordinary days work. This does not come off their annual leave entitlement.

Working Statutory Holidays

Employee's who work on a statutory holiday are to be paid for the actual hours worked and to be given the same number of hours as a day in lieu. At a mutually agreeable time the staff member can use the day in lieu hours to have a day off, which they would normally have to work. Payment for the lieu day is at the ordinary rate of pay. You cannot pay the employees their lieu hours without them first taking a normal work day off. A record should be kept for employee's who work statutory holidays.

Tania's Contact Details

Due to the impending arrival of my twins in the new year I may not be in the office as often after the Christmas break but will still be available to help out with your concerns and queries.

To contact me please phone the office first, they will know if I am in. If I am not in please leave a message and I will get back to you as soon as possible. When leaving a message it would be helpful if you could also state the nature of your query so that when I return your call I can have the information ready for you. Alternatively you can send an email to:

tania@bizbuilders.co.nz

Remember other members of our friendly and helpful team may be able to help you if you require an urgent response and I am not available.



DEC 2003

Business
Results
Limited

better BUSINESS

Don's Comments

Dear Friends,

It is approaching that time of year again and far too rapidly I might add! TV programmes are starting to show advertisements for Christmas in earnest now!

The Rugby World Cup has come and gone and we are still no closer to winning the thing again! It was disappointing to say the least that we bowed out with a whimper and not a roar! My concern was and is that there appeared to be very little leadership demonstrated by Rueben Thorne. However I must congratulate those of you who told me that England would win! Particularly after I was so scathing about the age and size of the English pack!

We welcome the new clients that have come on board since the last newsletter. And there seems to have been many of you too so thanks for joining us! We have also had a good sprinkling of clients starting up new businesses so well done to you guys as well! It takes courage, commitment and determination to succeed - and passion and persistence.

Rob Duckworth, from whom we lease our offices, and has recently been awarded the Retravision dealer of the year as well as the appliance dealer of the year for New Zealand. He uses 2 words to describe how and why his family company has survived the last 40 years. 'Passion & Persistence.' Can your customers, employees and others with whom you deal see the smoke coming out your ears too?

We are taking a break over Christmas and New Year. We will close on the 24th of December and reopen on the 5th of January. Of course we will have our cell phones on over the holidays if you desperately want to talk with us!

There are plenty of good things in this issue for you to read and digest! So enjoy and let us know if you require any further information!

A new feature to start next year is our staff profile. One member of the staff will be profiled in each issue!

May you and yours have a wonderful festive season and a prosperous New Year!

Don, Cheryl, Jo, Tania, Sally, Jeanette

Holidays - the Xmas break!

We will be closing our office from Wednesday 24 December and returning Monday 5 January. If you have an urgent matter during this break, we will be available via our cellphones:

**Don 021 673 554
or Cheryl 021 546 622**

If we currently process wages for your staff, Jo will be in the office on Tuesday 30 January to process these. Please ensure you get all staff timesheets or hours in by then.

**email to: jo@bizbuilders.co.nz
fax to: 06 8336678
or phone Jo on: 027 235 8451**

GST Returns GST Returns GST Returns

GST returns for the 2 months ending November 30 are not due until 15 Jan 04. We will be chasing everyone early in December so we can process many before the Christmas break. Please drop your information in to us as soon as possible especially if you are planning on traveling out of town after the New Year.

Motor Vehicle
& FBT

S.M.A.R.T.

Software

Xmas Tax Issues

GST Returns



from Paul J. Meyer's 'Attitude is Everything'

Creating S.M.A.R.T. Goals

S M A R T

**Specific - Measurable - Attainable
Realistic - Tangible**

Specific A specific goal has a much greater chance of being accomplished than a general goal. To set a specific goal you must answer the six "W" questions:

- **Who:** Who is involved?
- **What:** What do I want to accomplish?
- **Where:** Identify a location.
- **When:** Establish a time frame.
- **Which:** Identify requirements and constraints.
- **Why:** Specific reasons, purpose or benefits of accomplishing the goal.

Example: A general goal would be, "Get in shape." But a specific goal would say, "Join a health club and workout 3 days a week."

Measurable Establish concrete criteria for measuring progress toward the attainment of each goal you set. When you measure your progress, you stay on track, reach your target dates, and experience the exhilaration of achievement that spurs you on to continued effort required to reach your goal.

To determine if your goal is measurable, ask questions such as.....How much? How many? How will I know when it is accomplished?

Attainable When you identify goals that are most important to you, you begin to figure out ways you can make them come true. You develop the attitudes, abilities, skills, and financial capacity to reach them. You begin seeing previously overlooked opportunities to bring yourself closer to the achievement of your goals. You can attain most any goal you set when you plan your steps wisely and establish a time frame that allows you to carry out those steps. Goals that may have seemed far away and out of reach eventually move closer and become attainable, not because your goals shrink, but

because you grow and expand to match them. When you list your goals you build your self-image. You see yourself as worthy of these goals, and develop the traits and personality that allow you to possess them.

Realistic To be realistic, a goal must represent an objective toward which you are both willing and able to work. A goal can be both high and realistic; you are the only one who can decide just how high your goal should be. But be sure that every goal represents substantial progress. A high goal is frequently easier to reach than a low one because a low goal exerts low motivational force. Some of the hardest jobs you ever accomplished actually seem easy simply because they were a labour of love. Your goal is probably realistic if you truly believe that it can be accomplished. Additional ways to know if your goal is realistic is to determine if you have accomplished anything similar in the past or ask yourself what conditions would have to exist to accomplish this goal.

Tangible A goal is tangible when you can experience it with one of the senses, that is, taste, touch, smell, sight or hearing. When your goal is tangible, or when you tie a tangible goal to a intangible goal, you have a better chance of making it specific and measurable and thus attainable. Intangible goals are your goals for the internal changes required to reach more tangible goals. They are the personality characteristics and the behaviour patterns you must develop to pave the way to success in your career or for reaching some other long-term goal. Since intangible goals are vital for improving your effectiveness, give close attention to tangible ways for measuring them.

Elnghsih

Aoccdnrig to a rscheearch at an Elnghs uinervtisy, it deosn't mttair in waht oredr the ltteers in a wrod are, the only iprmoentn thng is tahtfrist and lsat ltteer is at the rghit pclae. The rset can be a total mses and you can sitll raed it wouthit porbelm. Tihs is bcuseae we do not raed ervey lteter by it slef but the word as a wlohe.



Three Things Customers, Clients & Patients want

Before you start to do the business your customers want three things

They want to be made welcome.

This particularly applies to customers who come onto your turf. If you go to see them they are more relaxed as they are on their turf! So if you can, see them at their place! But how do you make them feel welcome? Firstly, smile and use open body language! Sounds simple yet too often the facial expression does not match the spoken words! Secondly, shake their hand! Do this whether it is a male or female you are welcoming. Make your handshake firm and vertical. Don't know what I mean? Next time I meet you ask me to demonstrate.

They want you to be interested in them!

The best way to do this is to ask three open questions of them. Open questions start with When, Why, Who, Where and How) These open questions cannot be answered by yes or no! So the person to whom the question is addressed must respond with a long answer. As they are talking about themselves they relax and are more open to you. If you have a receptionist then they MUST have a script to follow!

The third thing they want is for you to solve their problem.

Now this applies whether you are in the service industry like us, or selling things. What do they want? How do you find out? Remember the Pareto Principle? You must listen 80% of the time and only talk 20% of the time. Then when they have told you what they want then you can help them solve it!!

Calculation of Cost Price of

Motor Vehicle for FBT Purposes

The 'cost price of the motor vehicle' will include:

- The cost of initial registration and licence plate fees.*
- The cost of sign writing or painting the vehicle in the employer's colours or style.*
- The cost (if any) of transporting the motor vehicle to the place where the motor vehicle is to be first used* (*all charges GST inclusive).

The 'cost price of the motor vehicle' will not include:

- The cost of annual vehicle re-licensing fees.
- The cost of 'business accessories' fitted to the motor vehicle at the time of purchase or at any time thereafter.
- The cost of financing the purchase of the vehicle.

For the purposes of this Ruling:

- The term "business accessories" means accessories components, and equipment fitted to the vehicle, required for and relating solely to the business operations to which the vehicle is used, and that are in themselves 'depreciable property' for the purposes of the Act. Where powered, they will usually require the vehicle's power source to operate them, eg a two-way radio, roof-mounted flashing warning lights, electronic testing/monitoring equipment, etc.
- The term 'fitted to the vehicle' means permanently affixed to the vehicle. Permanency would not be negated if the accessory were removed from the vehicle on a temporary basis, for repair or maintenance, or on the removal of the accessory at the time of sale or disposal of the vehicle or the accessory itself.

SoftWare

Windows 98

Microsoft will be withdrawing support for this version sometime next year. You need to be budgeting to upgrade your operating system. If you are running other software you may find that as they upgrade it may be incompatible with Windows 98.

NZA Gold Payroll

From 31 March 2004 NZA Payroll will no longer be supported and new tax tables will not be available. If you have already received notification from MYOB regarding this we urge you to do your upgrade now so that every thing is running smoothly and not wait until 31 March. If you have not had any contact from MYOB please contact our office and we can assist you. Remember Jo is an approved trainer for MYOB software.