

MBS Advisors November/December 2021 Update

All of us look forward to getting results for our hard work. Whether it be a Christmas break, getting the silage off your paddocks, harvesting your orchard or seeing customers in your shop, we all look forward to different outcomes. You need to take the positives where you can. Unfortunately 'living with uncertainty' is a phrase we hear all too often in the media, so only worry about things you can control.

Make sure you set goals that are achievable and accessible.

We look forward to our borders opening in the New Year which will allow many to see friends and family. Don't plan too far ahead as our traffic lights may change as will circumstances of others.

Exciting times ahead with two of our staff taking maternity leave over the next couple of months, so MBS takes this opportunity to wish them and their families well.

Everyone enjoy a break while you can. From myself and the team at MBS Advisors have a very Merry Christmas and a safe and happy New Year.

Tony Brown



Important dates through the silly season

We're closing our doors on midday 23 December 2021 and will reopen in the New Year from 8 a.m. 10 January 2022.

Thank you for working with us this year – we appreciate you!

Below are the key compliance dates coming up. If you have questions or need help with any of the following, we are here to help.

Up-Coming Key Tax Dates

- 6 December 2021 - PAYE - Large employers returns for November. File employment information within two working days after payday.
- 20 December 2021 - RWT - RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during November.
- 20 December 2021 - NRWT / Approved Issuer Levy - Payment and return for November.
- 20 December 2021 - PAYE - Small and large employers' payment due. File employment information within two working days after payday.
- 17 January 2022 - Provisional Tax - March balance dates 2nd instalment
- 17 January 2022 - GST - GST Periods ended 30 November 2021

Anything keeping you up at night? Give us a call or email us with any questions.

Why is business planning important?

The first key to success in business is planning and defining the short- and long-term goals for your business. With a plan in place, it's your reference point to see how you're tracking, what stage you're at and how far you've got to go. It allows you to assess why you may have run into pitfalls along the way. A good plan will help you to think analytically about your business and see what works well and what doesn't.

Sit down and work out what you want to achieve, what you need to achieve and how you are going to achieve it. Think about the strengths, weaknesses, opportunities and threats to your business.

Think about the past year and what you might have done differently in terms of budgeting and cashflow. Review your previous plans – what did you achieve and what didn't you achieve? How can you ensure you make it happen this time around?

If you don't know where to start or if your views differ from those working in the business with you, ask someone who isn't emotionally involved in the business to act as a facilitator to help you.

The beauty of a plan is that it is not set in stone. By regularly monitoring your plan you can make adjustments to ensure you stay on track to meet your end goal. Or you can see that maybe you need to move the goal posts.

Whether the business plan is a lengthy formal document, or a short informal plan, it is a tool for you as a business owner to clarify your goals and monitor your progress.

Contact our team and see how we can help you develop your business plan.

P: 07 889 1018 E: mail@mbsadvisors.co.nz W: www.mbsadvisors.co.nz

tax managementnz
TAME YOUR TAX



mbs
ADVISORS

MCWILLIAM | BROWN | SKEDGWELL

Let us entertain you (but be aware of the tax treatment)

'Tis the season for saying thanks to customers and staff, typically with gifts, wining, and dining. Refresh yourself on what the tax rules are if you plan on claiming the expenses.

Examples of where entertainment expenses are 50% deductible include:

- Taking customers, suppliers, and associates out for dinner or putting on a function for them
- The traditional staff Christmas party
- Shouting customers, suppliers, and staff to an event, like a sporting event or a show
- Giving them the use of your bach or time share apartment as a thank you

Instead of a Christmas party, you might give your employees restaurant vouchers to use at their discretion. This cost is fully deductible but is subject to fringe benefit tax (FBT), although there is an exemption of \$300 per employee per quarter (a maximum exemption can apply). The same treatment applies to staff gifts (except for food and drink, e.g. wine), again fully deductible but subject to FBT under the 'other benefits' category.

Many firms pay their staff a Christmas cash bonus. These payments are classed as 'extra emoluments' and are fully deductible but have PAYE deducted at the employee's marginal tax rate.

As a thank you gesture, many businesses give their customers gifts during the festive season. The cost is fully tax deductible as marketing and promotion expenditure.

If in doubt about where you stand, check with us.

Breaking down the jargon

What is the difference between cash flow and profit?

Cash flow refers to the money that flows into, through, and out of your business during a set period of time.

Profit, also referred to as net income, is the amount of money that remains from your sale revenue after costs have been subtracted.

While profit will show you the immediate success of your business, cash flow may be a more accurate means of determining your entity's long term financial outlook.

Cash Basis vs Accrual Basis

The difference between cash basis and accrual basis accounting comes down to timing. When do you record revenue or expenses?

Cash basis is recognising income and expenses when money changes hands (is paid and received). A benefit of cash accounting is it's simple and shows how much money you have on hand.

Accrual basis is recognising income as soon as the invoices are raised, and expenses when bills are received. A benefit of accrual accounting is you have a much more accurate picture of business performance and finances.

Lighting up Morrinsville

With the unfortunate cancellation of this year's fireworks display, Morrinsville is lighting up for Christmas. Come and check out our lighting display and that of other businesses in town. Move over Oxford Street and Franklin Road!

Also don't forget to register your vote for your favourite window display for the People's Choice Award by contacting the Morrinsville i-Site on 07 889 5575 or emailing manager@morrinsvillenz.co.nz.

Figure price increase

Figured have advised that from 1 March 2022, they will be increasing the price of monthly Figured licences. For those of our clients on the Figured Lite subscription the price will increase from \$9 per month by \$1 to \$10 per month. For those of our clients on the Financial Farmer subscription your monthly invoice will increase from \$45 per month per farm to \$50 per month per farm.

If you have any questions regarding what type of Figured subscription you have please don't hesitate to contact us.

MBS Staff Happenings



Maternity Leave

There must be something in the water. We have two staff members going on maternity leave this summer.

Kassie Thomas(left) is expecting her second child with partner Phil, a little brother for Quinn. She will go on maternity leave from our Christmas shutdown period 23 December 2021 returning part time from May 2022, but you will be able to contact her for any urgent queries.

The second is Kayla Armstrong(right) who is excitedly awaiting the arrival of her and husband Ryan's first, a boy also. Their bundle of joy will have two older fur-brothers Zeus and Loki. Kayla begins her maternity leave from 14 January 2022 and will return sometime in August 2022.

Staff extensions

Deena Hobbs	703
Deepa Sharma	725
Elayne de Jong	710
Harjot Singh	724
Jan Peters	733
Jo Walton	708
Kassie Thomas	705
Kathy Reily	728
Kayla Armstrong	723
Liam Crean	707
Linda Harding	722
Lucy Storrie	700
Nikki Brown	709
Rebecca Rogalski	731
Sharon Lawson	729
Sue Brownlie	721
Tonya Whitten	702

P: 07 889 1018 E: mail@mbsadvisors.co.nz W: www.mbsadvisors.co.nz

tax managementnz
TAME YOUR TAX



MCWILLIAM | BROWN | SKEDGWELL