

Perriam & Partners Chartered Accountants & Business Advisors

BEHIND THE BEANS—2017

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WHAT ARE THE WORLD'S MOST BORING JOBS?

A list of the ten most boring jobs was released by employment specialist Emolument, that asked 1300 workers across 14 sectors if they were bored at work.

Most boring professions ranked from most to least boring.

• Legal Jobs	81%
• Project Management	78%
• Support Functions	71%
• Finance Control	68%
• Consulting & Accounting	67%
• Financial Services & Banking	67%
• Engineering	64%
• Sales	61%
• Marketing & Communications	60%
• IT	56%

Ranked 5th ... that's a little disappointing when we think it's the best job in the world!



7 APRIL PAYMENT REMINDER

This is a further reminder that payments for end of year income tax, student loans, and overpaid Working for Families Tax Credits for the 2015/2016 tax year are due 7 April.

Please ensure you make your payments on time.



END OF FINANCIAL YEAR

The start of a new financial year is nearly upon us.

What lies ahead for you?

Perriams has assembled their team and we are ready and waiting.

Amongst the team we have 138 caps and a couple of new recruits to inject some more enthusiasm and youth into accounting.

Our aim this year is to strive to exceed your expectations.



THE BEANS ARE READY

MAKE THE NEW FINANCIAL YEAR, YOUR YEAR

Q. What's the best motivator in life and in business?

A. The power of a small win.

Says a Harvard Business School Professor. "Small wins serve as catalysts for productivity, creating happiness and momentum."

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WORKING LIFE

The world's working age population is shrinking faster than expected, leaving fewer people to support a growing number of seniors according to a Bloomberg study.



The Asia Pacific Risk Centre estimates the region's elderly population will rise 71% by 2030, compared with 55% in North America and 31% in Europe. The retirement age in China is 60 for men and 55 for women. The Bloomberg Sunset Index shows 3.5 workers supporting each senior there, conventional calculations indicate 7.3.

Seniors in France, where the retirement age is 61.6, are the least supported, with about two workers to each retiree. In the US, the ratio is 4.4 to one. Americans can start receiving Social Security at 62, with a sliding scale for full retirement benefits from 65 to 67, depending on the year of birth.

Other countries have also raised retirement thresholds in the past four years. In France, it is now 61.58 up from 60. For Greek men, it's 67 instead of 65. For Italian women it's 65.58, up from 62. In Japan, many people work beyond the statutory pensionable age of 65.

An increase to 67 for New Zealand can't be too far away.

DO YOU LIKE SPICY FOOD?

It sounds like an ordinary question, but it reveals a lot more about your personality than you think.

A study conducted last year at Nanjing University in China found that you can predict your risk taking behavior from your food preferences, specifically from answering a single question ... how much do you like spicy food?



Answer on a scale from 1 (strongly dislike) to 7 (strongly like). If your response is a 1-2 you are risk averse and tend to play it safe. 3 you are averagely risk taking. 4-5 you like to roll the dice now and again and 6-7 you are a thrillseeker!

The study found that even after controlling a preference for sweet, sour and bitter tastes, love of spicy food was significantly correlated with degree of risk taking (as measured by a standard questionnaire) in five different domains: gambling, health and safety, dangerous sports, ethics and finance.

Furthermore, in another part of the study, researchers found that participants who had just eaten a piece of bread covered in chilli sauce took greater risks in a computerized gambling task than a control group given just plain bread. Researchers put the link between risk taking and love of spicy food down to what they call "benign masochism", whether it's tucking into chicken madras or riding a roller coaster, many of us enjoy the adrenaline rush that accompanies an apparent risk, even one that in reality, is safely contained.

MONEY SECRETS REVEALED

Nearly one in five Kiwis has hidden savings or debt from their other half and women are the bigger culprits.



Research by credit rating agency Credit Simple has found almost 18% of people admitted to having money or debt their partner isn't aware of. Credit Simple New Zealand boss, Hazel Phillips said its research didn't delve into why people kept secret accounts but she said women were far more likely to have secret savings or debt and it also tended to be younger women.

Nearly two thirds of those with a hidden account were women, compared to men at 36%. Phillips said one reason could be because women were trying to protect themselves, particularly if they were in a new relationship. The research also found 28% of people said they had been burned financially by a partner and 64% of those burned were women.

The most common examples included people who racked up secret credit card debt, partners who refused to pay their share of debt after a relationship ended, partners who said they were paying bills but weren't and even those who forged their partner's signature on loan documents.

Phillips said one way people could protect themselves was to check their credit score before entering a new relationship and then keep checking it. A new, free service on Credit Simple website also allowed people to check all the different accounts that were open in their name. So if someone takes out something in your name you didn't know about, it will come up.

Phillips said before the research she had thought any money secrets were likely to be low level. "But it is actually fairly grunty stuff." The majority of people keeping finances secret were hiding private bank accounts or cash reserves (67.3%), while almost 18% had secret debt.

So, how much have you got stashed away from your partner?

DIGITAL DEMANDS

Do you feel as though you are losing your life to the digital demands of your phone? You're probably right!

I am not aware of any magic pill that will save you ... wait! Yes, there is one ...

Just don't use it as much. In fact, do you really need it at all?



HIGH DOLLAR, LOW DOLLAR? THERE'S NO RIGHT ANSWER

Is a strong dollar good or bad for the economy? It's not a simple question. Economics questions never are.

It probably depends on which part of the economy you prefer to stimulate. A nation's currency typically rises on the strength of its economy. Investors buy in for the higher interest rates that strong economies tend to have and because of the security and stability that those wealthier places offer.

That's what has held the kiwi dollar at historically high levels since the global financial crisis. In relative terms, we have been a better bet for currency traders than most of our peers. But, as an export and tourism based economy, the high dollar has caused some serious head winds for New Zealand.

We have become more expensive to visit and our commodity goods such as milk powder, logs and meat are traded in US currency. So, unless we raise our prices, the amount of New Zealand dollars our exporters earn is less than it would have been if the currency is low. A low currency is helpful for our farmers, export manufacturers and tourism operators.

If the value of the dollar fell sharply, it would turbocharge our economy. Consumers however, would find themselves poorer paying more for imported TVs, iPhones and for overseas holidays.

It's a tough equation but one all world leaders face.

**CHILD SUPPORT FORMULA ASSESSMENT VALUES 2018**

Child support assessments for the year ending 31 March 2018 were issued in February 2017. The formula values for the new child support year have changed. This table sets out the new rates.

Living Allowance	\$19,359.00
Living Allowance (if receiving supported living payments)	\$22,135.00
Minimum Rate Child Support (annually)	\$ 905.00
Inflation Factor	1.3%

ANYTHING IS FOR HIRE

Airbnb, the emergence of peer to peer rentals allowing private owners of cars and campers to hire their vehicle begs the question ... what's next on the list to hire?



Perhaps we will be able to hire out our children for the day to those who do not have families or those who unfortunately could not?

The sharing economy is rapidly evolving so watch this space.

BUSINESS TAX LEGISLATION ENACTED 24 FEBRUARY 2017

The Taxation (Business Tax, Exchange of Information and Remedial Matters) Act 2017 received the royal assent on 21 February 2017. Introduced to Parliament on 8 August 2016, the Act amends the Income Tax Act 2007, the Tax Administration Act 1994 and the Student Loan Scheme 2011.

The Act tightens the disclosure rules for foreign trusts as recommended by the Shewan inquiry. It also includes measures to implement the G20/OECD standard for the Automatic Exchange of Information to help detect and prevent tax evasion globally.

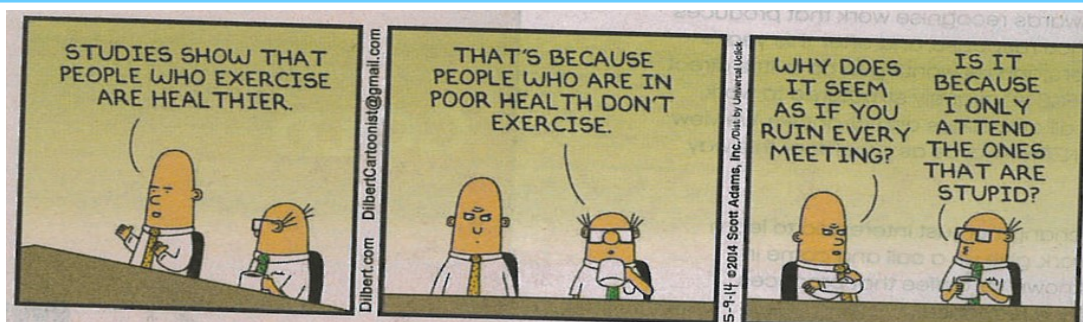
The Act also contains a number of measures to simplify tax processes. The introduction of the accounting income method is intended to give smaller businesses a new pay as you go option for their accounting software to calculate and pay their provisional tax taking the guess work out of calculating provisional tax.

Other business friendly measures, commencing 1 April 2017, include reducing or removing use of money interest for the vast majority of business taxpayers and removing 1% incremental late payment penalty for GST, income tax and overpaid Working for Families tax credits.

Don't talk to me about tax!



Listen, it beats going to the vet, and we'll try not to make it too awful for you!



TAX WARNING FOR SHORT STAY HOLIDAY RENTALS

New Zealand's tourism boom means it can be lucrative to rent out property but owners need to do their homework or they could get stung. A lot of apartments and houses in areas such as Queenstown, for example, could easily be rented out on a short term basis in excess of \$1000 a night, Deloitte tax partner Phil Stevenson said.



"At this rate, it only takes 60 nights of occupancy to exceed the GST registration threshold, requiring the property owner to register for GST." There were several implications from being GST registered, Stevenson said.

The biggest and most obvious was GST often needed to be returned on the sale price of the property. While it was possible to get a credit on the original purchase price of the property, becoming GST registered essentially gifted 15% of any capital gain to Inland Revenue. If a person decided to go back and use the property for private purposes and de-registered for GST, they were deemed to have sold the property at market value and they would need to fund a GST cost without realising any cash from the sale of the property.

In recent years, Inland Revenue has been focusing on taxing New Zealand's black economy which is made up, in part, by taxpayers providing short term accommodation. However, unlike a plumber's cash job or handshake agreements between friends, using an online platform to arrange short term accommodation generated readily accessible electronic records.

Inland Revenue can use the information to quickly identify who is providing short term accommodation and request evidence income has been declared in tax returns and taxes paid. Similarly, with the recent requirement for IRD numbers to be associated with property transactions, it is now much easier for Inland Revenue to identify when GST should be paid on the sale of a property. Local Governments are also focused on short term accommodation being provided.

Under local council regulations, a property used for short term accommodation is generally considered to be a commercial property which might affect rates charges and result in other administrative requirements such as consents to operate. Taxpayers should also consider other contracts held if they are providing short term accommodation to ensure items such as insurance over the property remains valid.



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Staying just one night, privately in a property being used for short term accommodation could have a significant impact on the expenditure that could be claimed as a tax deduction because deductions for expenditure on days the property is empty, could be disallowed. "Some of our clients get quite surprised when we tell them they might be better off staying in a hotel or renting the apartment next to theirs rather than staying in their own vacant property", Stevenson said.

The message for anyone wanting to rent their property on a short term basis is do your homework and make sure you do so with your eyes open.

If you are crunching numbers on a property investment, crossing the \$60,000 GST turnover threshold and private use of the property may have a large impact on your bottom line.

WHY INSURANCE BILLS HAVE SOARED

Insurers blame regulation and quake costs but Consumer Group says many feel they are not getting value for cash.

The insurance council has blamed rising regulation and increased costs driven by the Canterbury Earthquakes for a 50 per cent jump in insurance over the past nine years. But a consumer advocacy group says insurance is the third most worrisome expense for households and many feel they are not getting value for money.

Statistics New Zealand's household spending data shows the average household spent \$62.40 a week on insurance last year compared with \$42.10 in 2007. **Does that sound about right for you?** While household incomes also rose 38 per cent in that time, spending on insurance has risen by around 50 per cent.

Spending on dwelling insurance rose the most, at just under 149%, while contents insurance was up 131.6% over the nine years. Health insurance came in third at 72%.

INSURANCE SPEND INCREASE BETWEEN 2007 & 2016

• Dwelling Insurance	up	148.6%
• Contents Insurance	up	131.6%
• Health Insurance	up	72.0%
• Life Insurance	up	56.1%
• Vehicle Insurance	up	13.4%
• Package Insurance	up	62.5%

Source: Statistics New Zealand Household Expenditure Statistics.

