

Self-Employment – Going Contract OR LOSM for the first time

What do we need? What do we need to do?

Your first port of call should be a good farm orientated **Accountant**. You need to get the right business structure set up for yourselves and they can help with budgets etc to see if the job is worthwhile. They can guide you on software that is best, generally xero or cash manager rural. They will get you setup for **GST and PAYE** and are there to help and guide you through any questions you may have. Dairy NZ has GREAT info, for good budgets, look here <https://www.dairynz.co.nz/business/budgeting/budgeting-tools>

You should keep any **receipts/invoices** to do with any expenses for farming from day 1. IE Office Expenses, Printer, wet weather gear, gumboots, INK, Any equipment you purchase, Reels, standards etc. This is where a good accountant comes in again, if you are unsure ASK!

Also keep a **logbook of any farm related business trips** you do. IE to the farm for a visit, to the shop to buy the ink for the printer etc. Record as Reason for Trip, total return KM's travelled and date.

Banks – Once we have set up the new business structure – Generally a Partnership or a company, and chosen the name, and have been allocated the new IRD number from IRD, is the best time to go to the bank to talk about opening new accounts and any borrowing you may need (If you need large borrowings this should have been done earlier before getting the position) I suggest 2 x accounts, 1 for everyday, and 1 for tax savings.

The first few months are tough with generally no good income until September or October. Ideally you will have savings already to help with this, if not you should start **TODAY**. It is never too late!

Some ways to get through this are:

- Get a RD1/Farmsource account set up and if you ask upon purchasing, they can generally put on at least 3 months deferred payments. (remember you still must pay this later!) You can even, put things through this like your electricity bills, Phone bills, some insurances etc. Can be great for deferring expenses.
<https://store.nzfarmsource.co.nz/partnerships>
- An overdraft or credit card can help. You need to be disciplined though and pay it back when the money comes in! Don't start off on the wrong foot by getting so in debt it is too hard to get back out!
- Also, some farm owners may offer to help you through the first three months, it is worth asking if funds are not available, IE they pay you \$5000 per month as a loan through June- Sept and you pay them back over the flush months.

ACC cover plus extra is your best option in self-employment as you nominate an amount of cover you need and this does not change if you need it dependant on your profit. Your accountant can give more advice on this.
<https://www.acc.co.nz/for-business/choosing-the-best-cover-option/types-of-cover-for-self-employed/>

Insurance – Milk Insurance, Public Liability, Plant, Machinery and Vehicle Insurance. Get a number of quotes. Good Insurance companies will come to you and talk through all your options.

Gear - Quad, Reels, motorbikes etc, Find out what is expected of you to provide. If it is a big job, with a number of staff, consider them supplying their own bikes and you paying a non taxable allowance to them to cover this, this means less initial outlay for you, and also if they wreck it, it's theirs and not yours!!

Health and safety Policy – you need one of these! Dependant on farm size and how big/how many employees depends how elaborate it needs to be. Good info here.. <https://www.dairynz.co.nz/people/health-and-safety/>
<https://worksafe.govt.nz/topic-and-industry/agriculture/>

Hiring staff for the first time can be a minefield, an accountant can help with this also, good advice here <https://www.dairynz.co.nz/people/employer/starting-employment/>

*You have so much to learn and so much to do from finding out about a new position to arriving on June 1st. You have a passion for farming, hence making the steps up the ladder. Be easy on yourself and employ a **good accountant** to help with everything so you can concentrate on farming! I at **Primary Accounts**, offer the advice and guidance you may need, to clients nationwide, but unless there is a lot of work to be done in budgets etc, offer fees free until you actually begin the job in June so you can get the advice you need without having to worry about the costs adding up before you get started. <https://www.facebook.com/primaryaccounts/>*

Lastly **Dairy NZ** as per the links above has a wealth of Information and is all paid for via the dairy NZ levy all dairy farmers pay. Make use of it. There is also a service called **DAIRY CONNECT** which offers FARMER – FARMER support. If you would like to talk to someone about anything, there will be a support farmer that has been there, done that and is willing to help. <https://www.dairynz.co.nz/about-us/services/dairy-connect/>