



A Few Things We Thought You Should Know...

A Short Intro

In the lead up to the busy Christmas period, we wanted to remind you of a number of issues that will be relevant over the next couple of months. The most important of which, are the dates for payment of GST and Provisional Tax over the holiday break.

We understand that managing cash flow can be tight over the holiday period and we are conscious that all businesses will be under some pressure with the additional expenses related to this period. Holiday pays, GST and now provisional tax are all due between late December and mid January so it would be a good idea to start planning for this now.

- Key dates and changes included in the summary articles below
- Important to start planning business cash flow for December & January now, due to changes in tax dates

GST Due Date

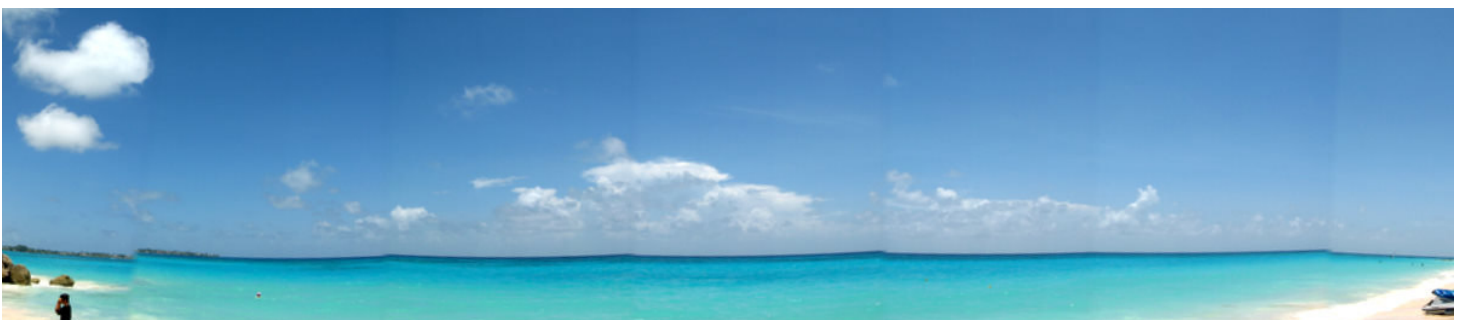
Returns for the GST period ending 30 November 08 will be due to be lodged and paid by the 15th of January.

This only affects those on a two monthly GST registration. If we prepare your GST return for you, it is important that you provide us with the relevant information before the 19th of December. Our offices will be closed over the Christmas period, and there will be very limited time to have your return lodged and organise payment when we come back in January. Please mark the 15th of Dec in your calendar as "Send GST info".

15th Dec

Holiday Pay

If you need assistance with the calculation of holiday pay or want to clarify what staff entitlements are, please do not hesitate to contact Mike Sinclair or Catherine Donaldson. Remember, all staff working on a statutory holiday day are entitled to time and a half, and a day in lieu.

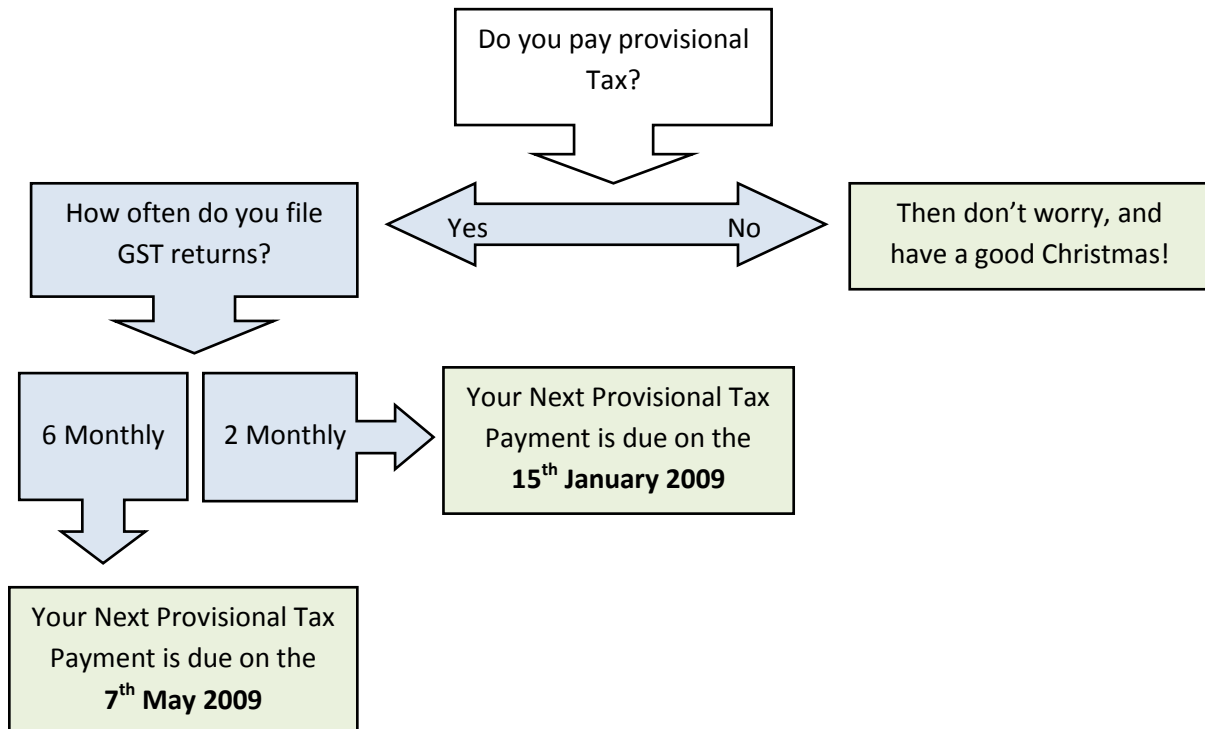


Provisional Tax

The 15th of January is also the date that the second payment of Provisional Tax is due for those clients who have a March balance date and are registered for GST on a six monthly basis. If you have Provision tax to pay in January, we will be sending out advice notices before the 22nd of December 2008.

For those clients that have a six monthly GST return, your provisional tax payment, if any, is due with the GST return for the period ending 31 March 2008; and this falls in May.

To clarify this please follow the below diagram:



Tax Rate Changes

The company tax rates drops to 30% for the 2008/2009 tax year. For those with a March balance date, the effective start date is 1 April 2008. This currently only effects company tax rates, however this may change with the newly elected government. The current position for individual tax rate changes came into effect on the 1st of October however these current rates too are subject to change.

If you are need clarification on any point or wish to discuss these implications on your business, please give us a call.

Image Right: Although tax returns may feel like this sometimes, it is never quite as bad as it seems once you have talked it through.



Loss Attributing Qualifying Companies (LAQCs)

- Do you have your family home in a LAQC?
- Are you living in your family home and paying rent for it to your own LAQC?
- Do you run a business out of your home as an LAQC and claim home office expenses?

If so, you need to contact us (03) 477 8777. In fact you may already have been contacted directly by Inland Revenue.

Inland Revenue recently alerted tax agents that it will be conducting more audits on LAQCs. The reason being to identify instances that Inland Revenue views as tax avoidance, where the use of an LAQC had offset family home expenses (interest, depreciation, rates etc) against personal income.

Inland Revenue has said they want to allow people time to put their tax affairs in order before they increase their audit activity. Tax payers who admit they have not treated a matter correctly may make voluntary disclosures before they receive notification of a tax audit.

This is important because it allows those affected to reduce penalties, (which may be up to 150% of the disputed tax) and the potential for prosecution. If, following advice, you consider your structure to be flawed; you should consider making a voluntary disclosure before being notified of an investigation or audit. This will ensure that you qualify for a reduction in penalties and/or immunity from prosecution.

In situations where family arrangements with the LAQC have been made to hide the true identity of the tenant, Inland Revenue views this as tax evasion, which is a criminal offence. The current IRD policy is not to prosecute where disclosure has been made prior to notification of a tax audit.

If you have any doubt, come in and talk to us.



Property Market

The property market is not all doom and gloom according to October 08 statistics released by REINZ. Though the number of houses selling is down, average house prices across the country have only fallen by 4.28%. Five regions, Northland, Hawkes Bay, Taranaki, Wellington and Southland have all had increases in the average house price in the last year, Taranaki did the best with an 8.67% increase.

Closer to home, Otago house prices have dropped from an average of \$235,000 to \$230,000. Southland average prices have risen in the last year from \$186,000 to \$198,500. Central Otago Lakes took the biggest fall in the country over the last year, losing 12.84% on average property values.

It's not all bad news, Vice President of REINZ Peter McDonald said "Up-to-date reports post election show the level of activity has increased with more enquiries showing the market may be picking up. Uncertainty caused by the election has stabilised and with interest rates and fuel prices going down, people's confidence in real estate is returning."

If you have property related plans (buying, selling or investing) it pays to talk to one of our team prior to going ahead. Ensuring the correct financial structures are in place before significant decisions are made can save you from meeting unexpected tax issues further down the track.

Wills

The one constant in life is change. As an idiom, this is fairly common, but when it comes to writing Wills, people tend to think that once it's done, it's done. This couldn't be further from the truth, and with changes in legislation and the constant changes that happen in our lifetimes, a Will should be as much of a living document as any other.

Please check your Will and see if it's up to date. Check that you understand what it means, and how it would affect your loved ones if you were to pass unexpectedly. You may find that it leaves the ones you love in a state of confusion, or worse, litigation. We recommend that you set a New Year's resolution to get your Will out and have a look. Have a think about what it means, what it says and if it needs to be changed. Chances are if it's more than five years old, you need to get a new one.

Enduring Power of Attorney

More important than we realise.

An Enduring Power of Attorney (EPA) comes in two forms; Personal Care and Welfare, and Property. These two documents are commonly misunderstood in New Zealand, or have never even been heard of. It is believed that fewer than 5% of the New Zealand population actually have EPA's, and for the other 95%, this is a dangerous situation.

An Enduring Power of Attorney is a document that allows a nominated person(s) to act on your behalf if you are overseas or if there is any form of mental incapacity, whether temporary or permanent. They are only valid during your lifetime, so these documents cannot supersede your Will, and any nominated person is bound by strong fiduciary rules, that is, they must act in your best interests, in line with your expressed wishes. Their powers are limited in some respects, and can be limited by you.

Enduring Powers of Attorney are important if you suffer some form of trauma, or are incapacitated in some way. They can help your family deal with day to day financial issues, or speak on your behalf in deciding medical treatments, or consult in accordance with your wishes.

Without EPA's your family may have to apply to the courts simply to organise rates payments. EPA's can be invaluable and can greatly lessen the suffering of your family were something to happen to you.

To get an enduring power of attorney prepared you will need to speak to your lawyer.

Please feel free to get in touch if you have further questions or queries. We would love to hear from you. The office will be closed between 23rd Dec and 1st Jan.

Kind regards
From Lindsay Dey and Team



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