

# Accountable News

July 2008

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## Partnerships get New Law

Parliament has recently passed new legislation which deals with tax aspects of partnerships. There is no immediate impact but the law [The Taxation (Limited Partnership) Act 2008] changes the rules relating to the tax consequences of entry and exit of partners, the sharing of profits and the termination of partnerships. The changes take effect from April 1, 2008 so partnerships which ended or where there were changes in the partnership during the 2007/08 year will not be impacted until later. We are currently in the process of reviewing all of our partnership clients' affairs to see who will be affected and how significant the impact of this is likely to be for those people.

It is already apparent that we will need to focus on farming and property owning partnerships. We will be in touch with the people concerned as soon as we can. In the meantime if you contemplate any structural changes to a partnership it is important that you get in touch with us before you do so.

## PIE's

### Who should be asking for a piece?

You may have heard a lot of talk about different PIEs lately, and we are not talking of the Apple variety. Before you get too hungry, we had better clarify the situation. The PIE's we are talking about are also known as Portfolio Investment Entities. This is a new form of investment that has been created by recent Government legislation changes. The main advantage is a TAX SAVING for anyone who is on either the 33% or the 39% tax rate. Income from PIE investments is taxed at only 30%.

## Quote

The wheel that squeaks the loudest is the one that gets the grease.

Josh Billings



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## Business Tip

Partnerships:  
Be clear about standard guidelines and processes at the beginning of your relationship to avoid conflict later.

The scheme will pay the tax on your behalf, while you sit back and take advantage of the tax savings. There are a number of qualifying schemes around, and the number is growing almost daily as more people realise savings to be made. As always though, care should be taken in deciding which scheme to invest in, because no-one wants to be left with a sore stomach from a PIE gone bad.

## Company Dividends

Every company which pays income tax maintains an imputation credit account which can be used to reduce the tax impact on company

shareholders when dividends are paid. With the change in the company tax rate these accounts become extremely important. We only have until 31 March 2010 to gain the best advantage of these credits or they will lose their full effectiveness. If you take no action you could be faced with the issue of having to pay more tax when your company does pay a dividend.

With little in the budget for individuals the use of these accounts requires careful planning. This is to ensure that you are not unfairly penalised with extra tax or interest charges from IRD. If your company financial statements show a balance in the imputation credit account you need to be arranging a meeting with us NOW so that we can take you through the issues and develop a plan to utilise these credits. Do nothing and the consequences could be expensive.

## Do you file your Company's Annual Return by paper?

Please note that from July 1st 2008 the Companies Office are no longer going to accept Annual Returns in paper format. All their processes need to be completed online. We are able to file your annual return for you if you wish for \$39 +GST.

## Staff News

We are very proud to be announcing that Kerry Adams is officially now a Chartered Accountant after passing the gruelling 6hr exam late last year and now having signed off his practical component. While we already knew how brilliant he was, its nice to know that it has now been formally acknowledged.

Congratulations Kerry!!

## Identity Theft

We have been horrified to see that Neville's e-mail address has been used maliciously in a variety of spam e-mails to promote a range of "unmentionable" products and services. Our enquiries show that this is quite common and that there is effectively nothing that we can do. If you receive an e-mail purporting to be from Neville promoting the sale of products or services which clearly have nothing to do with Dodd & Associates please be reassured that it has nothing whatever to do with Neville or Dodd and Associates.

## Trustee Responsibilities

There has been much comment in the business and finance media about family trusts being jeopardised because of mismanagement (or more often non-management) by the trustees. The concern is that because of trustee inattention, innocence or downright ignorance the trust could be "attacked" by a number of possible people because it is either a sham or an alter ego of the person or persons setting up the trust. This is certainly a real concern and not just a theoretical one. The recent prominent and hugely expensive court cases between the Kain and Hutton families have been argued at length over trustee decision making. Here at Dodd and Associates we have always been careful to see that we emphasise the importance of trustees understanding their role and fulfilling their responsibilities. Even so, we still see a number of situations where the trusts of clients have been put at risk. There isn't much point in going to the trouble and cost of establishing a trust, transferring assets into it and incurring the annual cost of debt forgiveness if it is all going to be cancelled out by a momentary lapse. With this in mind we are planning an online seminar with the theme of "Basic Trust Management" for Trustees. If you are a trustee and would like to participate in the seminar you can pre-book your interest now by calling Rowan or Kate Mitchell.

## Who is the Registered Office for your company?

Is Dodd & Associates, 11 Picton Avenue listed as the Registered Office for your company? This is a service that we have provided at no charge for a number of years now. We cannot continue to do so because it is a costly service to provide. We will now be charging a minimum cost recovery of \$85+GST each year which will be charged annually in February or March. We are aware that this may mean some clients would prefer to list the Registered Office elsewhere and we will gladly assist with that transfer. If you wish to have this transfer occur to avoid the 2008-09 charge, please make contact with us before July 25th 2008. The transfer process would consist of us changing the records with Companies Office to the address you tell us (N.B compiling the necessary resolution noting the new details & executing the timing requirements of Companies Office to lodge & approve the change), handing over the statutory registers, the signed annual reports, and your bound minute book folder containing your company documentation; e.g. constitution, resolutions, official registers etc. The charge for effecting this transfer for you will be \$105+GST.

*If you wish to transfer the Registered Office for your Company - contact us by July 25th to avoid the annual charge for the current financial year.*

## Save your Petrol!

Why not talk to us from the convenience of your own home or office? I'm talking about our Online Consultations.

Do you have the Internet? All you need is a Headset or speakers/microphone. A Webcam is an optional extra but even if you don't have a webcam, we will turn ours on so you can see who your speaking to as if we were right there with you! All our advisory staff are available without you having to come here! Whether your having trouble using your software, have a project you'd like to discuss or even a query about your financials. Cut out travel time and the cost of petrol by having an Online Consultation.

[www.doddonline.com](http://www.doddonline.com)

## FREE Book?

We would also like to remind you of our referral reward scheme. If you have been impressed with our services please tell your friends and associates. If they become a client and tell us that you recommended us to them we will provide you with this fabulous book for FREE.



*"The E-Myth Revisited"*  
By Michael Gerber  
The World's #1 Small  
Business Guru