

# Accountable News

October 2008

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## Business Structure - a new option

We liken the structure under which a business operates to the foundation on which a house sits. There can be many designs and different materials used but if the structure/foundation is not sound then either business or house will be shaky.

We are pleased to advise that courtesy of some new law we now have an additional structural possibility for businesses available to us. It is a business form that has long been available in most other Western countries and at last has legal status in New Zealand. It is known as the limited partnership (LP). It was introduced with the passing of the Limited Partnerships Act 2008.

This means that in addition to any one or a combination of sole trader, partnership, limited liability company, trust and trading trust we can now add the limited partnership option. The advantage of the limited partnership is that it combines the best feature of a company (limited liability) with the best feature of a traditional partnership (profits and losses pass through to the owners for income tax purposes). We believe there are a number of situations where this new structural device will be of great value.

If you or anyone you know of is contemplating a new business venture we encourage you to get in touch with us to consider just how best to establish the structural basis for that venture.

## Business Tip

Set a Budget!  
A written  
financial plan  
helps you set  
goals &  
measure progress



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## Quote

It is not the  
strongest of  
species that  
survives,  
nor the most  
intelligent,  
but the one  
most  
responsive to  
change  
Charles Darwin

## Online Seminars

Using some new technology we will shortly be launching our new online seminar series where various experts in our team will take you through items of commercial, management, investment or compliance significance. You will be able to "attend" these seminars from the comfort of your home or office simply by clicking on a link in an e-mail invitation we will send to registered viewers.

This is another application of similar technology to that which enables us to provide you with an online consultation between you and your chosen member of our team. As an aside, if you haven't tried these online consultations yet then you really should.

Some of the topics we will be covering with our Online Seminars are:

- Dealing with Customers Who Are Limited Partnerships
- The new FDR Rules for Investors Correct Management of Your Family Trust
- Common GST Issues
- A Basic Business Filing System
- Justifying a Tax Deduction
- The Current Holiday Pay Rules (this will be run close to Christmas).

These seminars will be short with a maximum length of 30 minutes and interactive. Participation in any of the above first series will be at no charge for existing clients.

If you are interested in any of these subjects please register with Kate ([katem@dodd.co.nz](mailto:katem@dodd.co.nz)) as soon as possible as we intend to limit participation in this introductory stage.

The articles in this newsletter are of general commentary only and should not be relied on specifically without appropriate professional advice.

## Trade Me and IRD

With the ever increasing popularity of Trade Me more and more of us are using it to buy and sell goods. To most of us it seems a quick and easy way to make a few dollars.

However, those few dollars can soon amount to a substantial amount of money and if you're not declaring this amount to Inland Revenue you are running a huge risk of some quite heavy penalties.

When it comes to sites like Trade Me a lot of people are not aware of their tax obligations or simply forget. This can be a dangerous game as many people may also not realise that the IRD has the authority to monitor any user of Trade Me.

For anyone who owns a business and is selling on Trade Me as part of that business, profits on these sales are subject to income tax. However, these aren't the only people that face tax obligations. Any individual that buys goods with the intention of reselling them is also subject to income tax.

If you are using a site such as Trade Me for business or resale make sure you're aware of your obligations and abide by them before you get caught out. Call your accountant today if you're unclear about your personal situation or check out the guide for traders on the Trade Me website.

## TriTec

This great process has been giving you, our client, excellent value for over 8 years now. We are enormously proud that Tritec has provided so many people with an easier way of meeting their tax and GST compliance obligations, saved them so much time and in most cases saved a lot of money as well.

TriTec has been a great success for us and is now being used all the way from the deep south to Kerikeri in the far north. It provides exceptional value for everyone using it and has earned acclaim from many bank managers one of whom has said to us "... I wish the Bank's rules would allow

me to make this compulsory for every small business wanting an overdraft".

If you are not already using TriTec or one of our other proprietary processes we do strongly recommend that you talk to us now about using it for next year. In fact, if you're really fed up with GST there is a way we can get you into TriTec midyear i.e. right now. Call us.

## Contact Details

Recently we have undertaken the huge job of updating all our client records with the new post codes. With the amount of time that went in to this we would like to remind you that it is important you keep us up to date with all of your contact details. Particularly email addresses as they are now such an integral part of everyday communication.

We would also like to take this opportunity to let you know that we now have Skype installed on our office computers. If you would like to use this alternative to speak to your accountant please contact Kate Mitchell, Skype name daa.katem, and she will arrange a time for your accountant to call you back.

## IRD Comes Calling

If Inland Revenue contact you be extremely careful about what you say. What may seem a purely innocent comment can lead to an escalation by Inland Revenue and in some cases full taxation audits.

We have recently encountered several of these situations in the last two months where clients have given answers which Inland Revenue misinterpreted. The end result being that those clients have wasted time dealing with IRD and incurred unnecessary costs.

An audit is an extremely stressful and disruptive process. If you get a call from Inland Revenue you should instruct them to contact us and we will handle it on your behalf. We have expertise in deflecting questions from Inland Revenue and preventing situations escalating and costing you later.

If you do decide to talk to IRD yourself (and which we strongly recommend against) you must cooperate. Keep to the point and answer any questions with short succinct answers. The more you say the increased danger of a full audit.