

# DAA Bulletin

## Quote

Why is it that with all the information available today on how to be successful in small business, so few people really are?

*Michael Gerber*



DODD AND ASSOCIATES LTD

CHARTERED ACCOUNTANTS

## Quote ctd

We know the answers to the question Michael Gerber poses. If you want to be more successful the first step is to order a "Financial Overview" from us.

## Special Edition

### Surgeons Lose Tax Case

Today's decision in the "Penny and Hooper" case from the Supreme Court raises a number of very important issues. One of them is a lot of alarmist talk in the mass media by uninformed journalists with headlines like "new playing field on tax avoidance". That and some of the commentary such as "the landmark decision from the highest court in the land has widespread implications for many small businesses similarly using trust structures."

In our view there is no case for such alarmism. In fact, what is more concerning to us was a presumption by the judges to know what was in the minds of the two surgeons. We see this as an alarming development in New Zealand law.

If you are running your trust as we recommend with its own bank account, good record-keeping and trustees decisions being minuted et cetera then this Supreme Court decision will probably not have any influence on you at all.

The media have also not given any prominence to Inland Revenue's reaction which is far more measured. IRD's group tax counsel, Mr Graham Tubb, said "this is not about whether you've got a company or trust. It's really about how you use them." Clearly IRD are taking a measured approach to this and are only looking for the fraudulent or extreme cases.

Which brings us to you and your circumstances. We have always been aware of the importance of good paperwork and good documentation (so that there can be no question of a judge deciding what was in your mind and what you were thinking) and you will have heard from us on this subject many times. Completing the paperwork is significant. We have also been aware of the potential for IRD to attack any position taken which they might consider to be excessive. For these reasons we see no reason for any of our clients are to be alarmed by the media headlines they may see over the next few days.

If you would like to review your own circumstances we encourage you to book a consultation so that we can look over your records (or lack of) and advise you accordingly.

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