

Accountable News

September 2007

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New Newsletter

Living in the techno savvy world we do, we have decided to take our newsletters to the next level. Initially this will result in newsletters being sent by email instead of post. In time also being able to send client specific news updates! For example this could mean an update sent just to clients that are employers, or just to farmers, the possibilities will be endless and ensure you have the latest information available. Therefore we want

you to **send us your current email now!**

To **info@dodd.co.nz**

So you don't miss out on our updates.

If you do not have an email address, we would be more than happy to post you out a copy. If you sadly do not wish to receive any correspondence from us in the future, please send us a quick message so we can update our

Our Changing World

Earlier we referred to client specific newsletters. There are going to need to be rather a lot of these over the next few months. The government (and Inland Revenue in particular) have been particularly busy and there are a lot of changes coming up most of which will be effective from April 1, 2008.

Not the least of these will be the fact that for a large number of New Zealand's Self-employed taxpayers provisional tax will have to be paid at the same time as GST. This is going to cause us a great deal of work in managing the transition and no doubt a lot of inconvenience and confusion for many of our taxpayer clients.

GST registered clients will be aware that from April of this year GST returns have been a single page (no copy). This is a transition and next year (from April) the currently blank side of the GST return form will be printed with the detailed-requirements for the provisional tax payment.

Quote

"Always do the right thing. This will astound most people, and infuriate the rest."

-Mark Twain



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Business Tip

Think about your management style. Are you a leader or a driver? Are you really getting the best out of the people you deal with?

This is just one example. There are also changes to payment dates that need to be taken into consideration. In other more specific areas there will be many changes that taxpayers (and us as their accountants) will need to adjust to.

One change which is going to happen sooner than April next year is that on the first of October of this year the investment industry will be able to offer investors "PIE's". An acronym for Portfolio Investment Entity. This is something that any investor on a lower tax rate should look into. Naturally we are happy to advise on this if you feel you would like some additional information or clarification.

We take pride in keeping you our client up to date with those changes that are going to be important to you. Please make sure that we have your current email address so that we can adequately brief you on the many changes that are going to happen.

Online Consultation

An exciting service we are now offering is our online consultations.

From the comfort of your own home or office you can receive the same personalised service as when you meet here at our premises. If you have an internet **webcam** and you would like to try the convenience of this service then give Rowan a call and we can set you up for online consultations.

Referrals

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**.



Company Tax Rates

You will remember that it was deemed by the Government to be politically expedient to announce a reduction in the company rate of tax a few months ago. The rate is to fall from the current 33% to the new rate of 30% from the beginning of the next income year which is April 1, 2008 for the vast majority of New Zealand companies.

If you operate your business or investment activity through the medium of a company there is significance in this announcement for you. The necessary legislation has been passed and so it is definitely going to happen. A consequence is that there will be opportunities for "tax management" for many company owners/directors.

That is the positive aspect. A negative aspect is that that simple announcement means there will be many changes we will need to make on your behalf and if your company has a positive balance in its ICA account it will be important because of some fine print written into the law implementing the reduced tax rate for us to make a number of changes on your behalf to see that the full benefit of accumulated tax credits is not lost.

On balance our view is that this change will be to the advantage of most business taxpayers who use the company structure for the ownership of business or investment activity. However there is going to be an added compliance cost to take advantage of the tax saving and that will be particularly so during the transition period. For example, provisional tax payments for the 2008/09 financial year will need to be carefully assessed to avoid overpayment but that coupled with the changes announced to the provisional tax system complicate the task.

There is, however, one aspect which will be particularly important and that is that if you use a company for your business it would be wise if you were restrained with the cash you take out of the company during the 2008/09 financial year or at least until such time as we can get the tax management aspects of your company back under control for you. Ideally you will take out less cash in 2008/09 than you are during the current 2007/08 year.

Staff Addition

We have had a new member of staff arrive this month, Kate Mitchell. Kate has taken up the role of receptionist alongside Rowan. She came to us after having spent three years at Canterbury University majoring in English & having a strong interest in History. Kate grew up in Timaru and still enjoys returning there to spend time with her family. So we hope you all make her feel welcome when you next call to help her settle in.

UDC Finance

Investing in your Future

UDC provides secured investments that are straightforward and easy to operate.

The investor's dilemma of finding a suitable balance between risk and return has been a hot topic in the media recently, with a number of investment companies faltering. The good news is, it's possible to achieve an attractive return while balancing your risk.

UDC Finance leverages the principle of diversification to manage investment risk – their investments are spread across a broad range of industries. Their Standard and Poor's credit rating of AA is one of the highest in New Zealand, which acknowledges their ability to meet their financial commitments – that is, to repay investors – is very strong. To give you an idea of how this stacks up against other ratings, a BB rating is classified as 'speculative' or 'non-investment grade'.

UDC Finance is one of New Zealand's largest finance companies with investor funds totalling in excess of \$4 billion. UDC investment funds are used to support carefully selected New Zealand businesses in realising their commercial potential and achieving growth. UDC specialises in providing asset finance for plant, machinery, vehicles, equipment and a range of other diversified assets. When you invest with UDC, you're investing in the future of backbone New Zealand industries.

UDC offers a range of investment options that are all fully secured by First Ranking Debenture Stock. These include UDC Secured Term Investments, the Capital Drawdown Option which allows regular repayments from the investment principal, and the UDC Telephone Call Account.

To find out about investing with UDC, call Neville or Rowan on (03) 348 4403

