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March 2010

Accountable News

Quote

"We cannot change our memories, but we can change their meaning and the power they have over us."

David Seamans

DODD & ASSOCIATES LTD

Chartered Accountants

Business Tip

Be creative. Look for a special promotion, big event, email campaign or something out of the norm for your business to get people talking about you, your product or service.

TriTec®© nfp

Many of our business clients have benefited from our TriTec®© service over the last 10 years. Now we are very pleased to announce that we have launched a new service TriTec®© For Not for Profit Organisations. You will be amazed how low the price is at just $30*+ GST per month. Although the price is heavily reduced, the quality remains. By signing up for TriTec®© nfp we endeavour to help save volunteers time so they can concentrate their efforts more on the reasons they joined the Not For Profit Organisation in the first place. Whether you are a Charitable Trust, Incorporated Society or any community based organisation look no further for your accounting needs. We promise to improve cash management, reduce book keeping requirements and provide other services when requested.

We want to make life easier for those who make a difference in the community so if you are involved with a society you believe would benefit from this or know someone that is contact us for further information at tritec@dodd.co.nz or check out our brand new website at www.tritec.net.nz

* conditions apply

ACC Cover Plus vs ACC Cover Plus Extra

– think of the rainy day!

Most self-employed people use the default ACC cover option for their ACC insurance protection (and therefore the levy they pay). This may not be the optimal alternative. We would like to brief you on the potential advantages of ACC Cover Plus Extra.

In the event of an accident, ACC CoverPlus (the default option) provides 24/7 access to treatment and a full range of medical rehabilitation to help with your recovery. The weekly payments are up to 80% of your liable earnings, starting a week after the injury. However, the weekly compensation is abated if you return to work part-time. However the "Liable Earnings" part conceals a trap. The 80% may be much less than you are expecting.

With ACC CoverPlus Extra, you can negotiate the level of lost earnings cover at the beginning. If you make a claim, you do not have to prove loss of earnings. You will receive 100% of the agreed amount of lost earnings cover until you are fit for full time work. In addition, your weekly payments are not reduced if your business continues to generate income. You have the advantage of certainty.

Another advantage is that it does not mean you will pay heaps extra for ACC CoverPlus Extra. These levies are calculated in a similar way to ACC CoverPlus levies, based on your previous year's earnings from self-employment and the levy rates specific to your business activity. You may be entitled to ACC Workplace Safety Discount (10%) if you meet certain criteria.

Come and talk to us if you would like to know more information about the ACC CoverPlus Extra.

Congratulations to Rachael!

We are very proud to announce that after reaching her 10 year anniversary with us Rachael has been appointed an Associate Director of Dodd & Associates! We are extremely lucky to have her as a member of our staff and would not be without her skills and expertise. We congratulate Rachael and thank her for her fantastic work ethic which makes her such a valuable member of our team.

Online Transfers

On 1st February Inland Revenue launched an exciting new service. As your accountant we now have the ability to transfer any tax payments made by you online instead of having to contact Inland Revenue and hoping that they get it right. We now have the ability to transfer whole payments or credits from overpayments from one tax type to another and even other taxpayers.

This is something we have been waiting for as it means that we can now more effectively manage your tax affairs and where appropriate alleviate potential penalties and interest. Before we make any transfer of tax online we will contact you to discuss what is being done and also why. The transfer will only be effected upon approval from you. On the other side if you make an overpayment or pay the wrong tax type let us know and we will make the necessary corrections and transfers for you.

PIE's and PIR's

Portfolio Investment Entities (PIE's) and Prescribed Investor Rates (PIR's) have been hot topics again recently due to the changes in income tax rates leading to differing PIR's now being available from 1 April 2010 onwards.

A PIE is a certain type of investment where the income attributable to each investor is able to be taxed at their individual tax rates rather than at a fixed rate applicable to the entity as a whole. The top tax rate for this type of investment is 30% and if you fail to nominate a PIR your distributions will be taxed at the 30% rate.

To work out their PIR, taxpayers will need to use their taxable income from either of the two previous income years as set out below.

If the taxable income was $14,000 or less, and the taxpayer's taxable income plus the PIE income or loss was:

- • $0 to $48,000 in either of the previous two income years, the PIR is 12.5%
- • $48,001 to $70,000 in either of the previous two years, the PIR is 21%
- • $70,001 or more in both of the previous two income years, the PIR is 30%.

If the taxable income was $14,001 to $48,000 and the taxpayer's taxable income plus the PIE income or loss was $0 to $70,000 or less in either of the previous two income years, the PIR is 21%.

If the taxable income was $14,001 to $48,000 and the taxpayer's taxable income plus the PIE income or loss was $70,001 or more in both of the previous two income years, the PIR is 30%.

If the taxable income was more than $48,001 and the taxpayer's taxable income plus the PIE income or loss was $70,001 or more in both of the previous two income years, the PIR is 30%.

If your income is near any of these thresholds, and changes between one year and the next you will need to reassess your PIR. This is important as PIE income is not included in your tax return unless tax is being deducted at a lower than necessary rate. The implications of this are that if you aren't paying enough tax within the investment you will be required to return the income and pay more tax BUT, if you are paying too much tax, you have no way of claiming a refund of that overpayment.

Of course, if you are unsure of what PIR you should be using, feel free to contact us and we can prepare the calculations and advise you of which rate we believe is right for you.