

DAA Bulletin

Quote

“The competitor to be feared is one who never bothers about you at all, but goes on making his own business better all the time.”

- Henry Ford



DODD AND ASSOCIATES LTD
CHARTERED ACCOUNTANTS

Address Reminder

Some of you are still sending mail to our old address.

Please remember to send everything to

**PO Box 42113
CHRISTCHURCH 8149**

Accounting Bookwork

With the end of the financial year fast approaching we are receiving an increased level of calls about how people can reduce time spent doing their accounting bookwork. The answer is not a straightforward one as there are a number of issues that need to be considered including but not limited to:

- Time available to do bookwork;
- Level of interest in doing accounting analysis;
- Budget available for accounting systems; and
- Level of business being undertaken.

Each business is different and there is no standard answer despite the advertising you may see from major accounting providers. Just because an accounting provider says their system is for your business it may not be the most suitable and therefore cost you more in the long run. We always recommend that as a first step that you consult with us first as we can assist with finding the most appropriate solution. It can range from our extremely popular TriTec service (www.tritec.net.nz) through to high level accounting packages. The key to reducing time spent doing accounting bookwork is to talk to us first and we will guide you through the maze of accounting options.

Should You Pay Cash For Referral Business?

From time to time we get asked by business owners whether it's ok to give customers cash payments for referring business to them. Now this may seem reasonable because after all companies pay staff to attract business and isn't a referral from a customer just an extension of that?

We believe that answer to this question is NO! People make referrals to your business because it makes them look good to others. If they are able to solve the problem for someone by referring them to a company who has the knowledge and experience to help then they have passed on a bit of "secret" information (they didn't know about your business after all). And in doing so they gain the prestige and reputation by referring them to you.

This is what gives referrals such extraordinary power: someone is so certain the referred business will do a superb job that they are willing to put their reputation on the line. Indeed, they believe that giving the referral will improve their reputation. That's quite a testimonial.

When you pay someone for making a referral, you taint the motivation and they lose credibility as a referral source. Think about adverts with celebrities in them. Do they use the product that you see them advertising? It is highly likely that they do not and we all assume they are doing the promotion because the company is paying them to do so and so that product loses credibility in the purchasers mind.

On rare occasions, a cash gift might be appropriate, perhaps when it is entirely unexpected and is truly a gift. But as a policy, cash for referrals is a bad idea. Instead we believe that if you are going to give a reward for a referral then make it something that they would not usually buy themselves e.g. cinema tickets, chocolates or something that relates to an interest of theirs e.g. fishing, magazine sub etc. By doing this you are saying thank you for the referral but not tainting it with something that puts a dollar value on it.

Audit Shield Insurance

Late last year we offered a new service to everyone being the Audit Shield Insurance and recently it has proven its worth for a Trust client. The client purchased a property and lodged a claim with Inland Revenue for a substantial GST refund. Inland Revenue contacted us to ask for further information about the GST refund and whether the claim was valid. We handled the investigation on the clients behalf, had the refund paid out and our costs covered by the Audit Shield policy.

The costs of handling the GST investigation were higher than the actual cost of the Audit Shield policy itself. This means that for the Trust they are not out of pocket due to an Inland Revenue investigation and actually come out ahead because the Audit Shield policy was cheaper than the costs of the investigation. If you have not yet considered the Audit Shield policy then now may be the time to do so. Remember this policy covers any inquiry by Inland Revenue or a Government department.

Cloud Computing

Have you heard the terms Cloud Computing and Cloud Storage being bandied about and have no idea what they mean?

Or have you been considering Cloud Storage for some time but not gotten around to finding out more information?

We have been approached by a Cloud Computing company that would like to put on a presentation to any interested parties here at our office. Before we commit we would like to get an indication whether this is something you may be interested in attending.

Please contact Kate Mitchell (katem@dodd.co.nz) to register your interest or ask for further information.

Staff News

We would like to take this opportunity to congratulate Neville Dodd on an extremely prestigious request that has just been extended to him.

Neville has been asked by the International Fiscal Association (IFA) to give a lecture in India in two weeks time. As part of the Mumbai branch meeting Neville will be discussing tax policing and international tax management in front of an audience of elite IFA members.

We are extremely proud of Neville being given this honour and we are sure you will join us in wishing him all this best.

Be sure to look out for next month's newsletter where we will bring you snippets of Neville's speech as well as other highlights from his trip.

Payroll Changes

Are you aware that there are changes to payroll on the horizon?

Changes including

- Increased KiwiSaver contributions
- Increased Student Loan repayment rate
- Introduction of PAYE for school children
- Removal of House Keeper / Child Care tax credit

These changes don't come in to effect until April 1st so we don't want to bombard Employer's with all the details too early.

However, we know some of you are extremely well organised and like to plan ahead. Therefore, we have our payroll newsflash all ready to go.

If you would like to read this now simply head over to our website www.dodd.co.nz or contact Kate Mitchell for a copy – katem@dodd.co.nz

For those of you that prefer to wait closer to the time don't worry we will be sending our newsflash to all Employers in early March.

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