

ACC Numbers

We are increasingly dealing with ACC on your behalf with regards to some of the following;

- Ensuring right billing address
- Verifying accuracy of invoices
- Assisting with cessation / updating details
- Acting on your behalf with ACC

Before we can speak with ACC for you we need to have your ACC number. We currently updating our database and ask that you email your ACC account number to Kate Mitchell Kate.Mitchell@dodd.co.nz



DODD AND ASSOCIATES LTD
CHARTERED ACCOUNTANTS

QUOTE

“People often say that motivation doesn’t last. Well, neither does bathing. That’s why we recommend it daily”

- Zig Ziglar

Funding for Inland Revenue to strengthen auditing of property transactions

Budget 2013 provides a permanent \$6.65m increase in annual funding for Inland Revenue to pursue property investment tax compliance, which is expected to return \$45m a year. The extra funding will begin in the 2014/15 financial year. The intention of this is to identify people who “trade” in land but evade paying tax on the transactions by later claiming it was never their intention to dispose of the land for a profit.

Clarifying the Acquisition Date of Land

On 16 May 2013, Inland Revenue released the officials’ issues paper, “Clarifying the acquisition date of land”. The issues paper focuses on the taxation of land disposal provisions in the Income Tax Act 2007, in particular s CB 6, which is causing some considerable uncertainty for taxpayers, their agents and Inland Revenue.

Section CB 6 deals with land acquired for the purpose of or with the intention of disposal, and the taxation of income derived from disposing of the land. If a taxpayer acquires the land with the intention or purpose of disposal and subsequently disposes of the land, any profit made from the disposal is taxable.

The uncertainty is caused by the timing of when the taxpayer’s intention or purpose should be determined. The Courts have held that intention or purpose should be tested when a taxpayer has acquired the land in question (known as the date of acquisition). However, because the definition of “land” in the Income Tax Act includes estates and interests in land, and the taxpayer acquires different interests and estates in “land” at different times under a typical sale and purchase agreement, which are then merged when the title is registered, neither the legislation nor common law have provided sufficient clarity over which interest in “land” the date of acquisition should apply to.

As a result, taxpayers may be unable to self-assess whether gains made from a disposal of land should be returned as taxable income. Often taxpayers are only made aware of a tax liability as a result of an Inland Revenue audit.

The issues paper suggests two possible options for determining a date of acquisition, based on events/phases of an agreement for the sale and purchase of land. These are either:

- Option 1 — when an agreement for the sale and purchase of land is entered into, or
- Option 2 — when an agreement for the sale and purchase of land becomes unconditional and the equitable remedy of specific performance of the land transfer is available to the purchaser.

If the Government does decide to clarify the date of acquisition following feedback on the options presented in the issues paper, officials are suggesting that the date of application for any legislative option (that is, for new acquisitions as opposed to new disposals) be prospective from the date of Royal assent of the relevant tax Bill.

New Anti Laundering Law

Back in 2009 Parliament passed a piece of legislation with the grandiose title "The Anti-Money Laundering and Countering Financing of Terrorism Act". It has been said that this was passed in order to meet our international obligations.

That Act finally came into effect on 1 July this year. The irony is that you are not laundering money for financing terrorism but it is going to have an impact on you and the insult is that it may not make much difference as officials responsible for it are apparently admitting it is not their "silver bullet".

As we see it this legislation is going to increase, quite significantly, the costs of operating for banks, life insurance companies, finance companies, building societies, credit unions, trustee companies, futures dealers, finance brokers, some financial advisers, casinos and money services business. They all have to have new operating procedures and structures in place which are going to add significantly to their costs. You can be sure that their prices will rise to cover those additional costs.

In addition the hassle factor associated with even a simple task like opening a new bank account or depositing or withdrawing an uncharacteristically larger sum of money will go up dramatically for people like us. It is anticipated that we will be subjected to much greater scrutiny and need to provide a great deal more information which may include information on the source of your funds and your wealth.

Accounting reforms encourage efficiency and competition

Reforms to three areas of regulation regarding accounting and auditing services were announced by Commerce Minister, Craig Foss, at the end of June. These reforms are to be included in an Accounting Infrastructure Reform Bill which will be introduced to Parliament later in 2013.

"This Bill will encourage efficiency, competition and give the New Zealand accounting market a more international outlook," says Mr Foss.

The reforms will:

- enable the New Zealand Institute of Chartered Accountants (NZICA) to amalgamate with the Australian Institute of Chartered Accountants in the creation of a new trans-Tasman Institute, if their members vote to do so.
- better allow competent auditors with the appropriate qualifications to offer audit services to New Zealand firms by altering restrictions on non-issuer audit work.
- allow audit firms to incorporate as a company, if they decide it's the most efficient business form for them. The ban on audit companies incorporation is out-dated and out of step with international practice. It will also allow overseas limited liability partnerships to perform some statutory audits in New Zealand.

"The reforms support the government's Business Growth Agenda commitment to improve regulation and lift confidence in New Zealand's capital markets," says Mr Foss.

1 Minute Guide to Customer Payments

We all work hard providing goods and services and deserve to be paid for them. Here are quick tips to getting paid.

0:49 Be Careful with Credit
If you provide goods or services on credit, develop terms specific yet fair.

0:36 Take the Right Attitude
Enforce your terms. Do not shy away from a potential confrontation, but avoid provoking it as well.

0:29 Find Out Why
Don't assume the customer is entirely wrong. Contact the delinquent account and ask politely for an explanation.

0:15 Take Stronger Action
If your collection attempts fail, it may be time to use a specialist debt collector.

0:09 Don't Make the Same Mistake Twice
Should customers with poor payment histories approach you about working for them or restoring credit, don't immediately refuse unless you are absolutely certain they remain bad risks.

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