

DAA Bulletin

Quote

“I contend that for a nation to try and tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.”

Winston Churchill



DODD AND ASSOCIATES LTD
CHARTERED ACCOUNTANTS

Data Storage

We will soon be offering electronic data storage for clients.

Instead of keeping piles of paper for 7 years we can scan all your base data and save it on a memory stick for you each year.

Think of how much space you will save!

Ask for a quote if you are interested in this service.

Decided to Sell Your Business?

You have made the decision to sell your business so what is the next step? Well the first step is to talk to us first and we will guide you through the whole process. Selling a business is not necessarily a quick exercise it can sometimes take over 12 months to do so. Even before you go to market with your business there are several basic steps you need to think about. We also have people looking for businesses and could put you in contact with a potential buyer.

Get your books in order

Buyers looking at your business will normally require at least three years' worth of financial information. Presenting them with financial statements prepared by us will create a far more positive impression than anything you might be able to do yourself from software. Don't forget the financial statements can make or break a deal during the due diligence process so you need our well presented ones.

What profit are you actually making?

Many businesses claim expenses that may not necessarily be directly related to the business and these need to be identified. Examples could include personal car lease, home office expenses and the like.

Also what abnormal or unusual expenses have you had that should be brought to the buyer's attention so that they can exclude them. These expenses could be costs of moving premises, high legal fees and any assets that have been scrapped.

What is the business worth?

No point putting the business on the market if you have no idea what it is worth. Get a valuation of your business undertaken to know exactly what you could expect to get. We can arrange for a specialist valuer to undertake this on your behalf.

Make a good first impression

Does the business look presentable? Is it chaotic or well organised. Think about what a buyer might think about when they walk in.

Legal requirements organised

Check that all the necessary resource consents, permits, franchise agreements, leases and key contracts are in order and have them available for a buyer to review.

Why are you selling?

People are always suspicious as to the motives for sale. If the business is doing so well they will ask why you want to leave. Be prepared to give the reasons why and make them concise.

Organise your support team

Let us know as soon as you decide to sell and then together we can organise the lawyer, business broker (if necessary) and other people to become part of your team to support you and sell the business.

Don't drop the ball

Just because you are selling keep the pressure on and have that business performing. If you ease off and the buyer gets wind of it you have suddenly opened the opportunity for them to negotiate a lower price.

Provisional Tax and Instalment Arrangements

If you have a March balance date and pay your provisional tax three times a year you are what we call a “Standard Taxpayer”. It also means you should have paid your first instalment of provisional tax on 28 August 2013. If you did so, congratulations you can now forget about income tax for another four and a half months. If you didn't, you need to give serious consideration to whether it was genuine forgetfulness or if you are trying to delay paying because you can't afford it.

No matter how well you manage your cashflow normally, it is very easy to get caught out at tax time if the incoming cashflow has dwindled for some reason. One example is a client who had a very good year last year, and of course that's what provisional tax is based on, so he has nearly \$10,000 of provisional tax to pay but this year he is in the process of completing a large project and won't get paid until the end so he simply doesn't have the cash to pay the tax.

Because we work closely with him and knew this in plenty of time we have been able to arrange an instalment arrangement so that he can pay the tax over three instalments and keep everybody happy in the process. Inland Revenue are very accommodating when they know the circumstances up front and it is going to be much easier on the client to spread the payment over the next three months. This can be done retrospectively, although we encourage clients to approach us early to get arrangements in place as the earlier it's done the less penalties you will pay, so if you have let the due date pass and know you won't be paying anytime soon please get in contact with your accountant as soon as possible so that we can arrange a payment plan to suit you and save you money in the long run. The key though is to ensure your tax return is filed for last year before we contact IRD.

Upcoming Seminars

We are excited to announce two exciting events on the near horizon!

The first is a chance to hear from and meet world renowned author, David Tillman. In conjunction with David we will soon be running our **Hammer That Mortgage Seminar**. This is a fantastic opportunity for you to learn how to knock hundreds of thousands of dollars off your mortgage. Having written a book on the topic David is an expert on saving money with your mortgage and we are delighted that he will share his knowledge with you.

We also have another webinar in the pipe line that you can sit in on from the comfort of your own living room. Join us as we look at what could lead to an unwanted visit from the IRD in our **Tax Policing and Detection Techniques Webinar**.

While we don't have fixed dates to give you just yet we are taking registrations of interest. Please email us at Kate.Mitchell@dodd.co.nz and let us know which seminar you are interested in learning more about.

Stay tuned for the September newsletter where we will confirm the next sessions of each and invite you to book your place.

ACC Classification

This is another reminder that we offer a complete ACC monitoring service which includes arranging the best cover for your circumstances, ensuring you are on the correct rate(s) and employment type and assistance in arranging instalment payments.

We continue to see ACC issuing incorrect invoices leaving recipients upset and stressed over how they are going to deal with them. We are concerned about the number of people out there who just accept the invoice as is and pay without checking.

If you are even slightly unsure about the invoice you have received please call us!

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