

Newsletter

December 2009

DB CHARTERED
ACCOUNTANTS LTD

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CHRISTMAS BREAK

Our offices will be closed from midday Wednesday 23rd December 2009 until Monday 18th January 2010.

“Opportunity is missed by most people because it is dressed in overalls and looks like work.”

Welcome to the final newsletter for the year. This time we have a tax update, ways to save money on ACC and some reporting ideas for businesses. Information on Trusts, NZ Superannuation and book reviews are also included.

GST RETURNS – DUE FRIDAY 15TH JANUARY 2010

Remember that GST is due for the November period end by 15th January 2010. If you are closing down for the Christmas period (or we do your GST) you will need to have this organised before Christmas.

THE TAX WORKING GROUP (TWG)

You may have heard about the TWG. This group has been put together to discuss the tax system in New Zealand and to see how it can be made more efficient and effective, with the ultimate aim of aligning the Company, Trust and personal tax rates. If this is to be achieved the Government will need to find other ways to get money out of the taxpayer.

The TWG is soon to report back to the government. Ideas for consideration include capital gains tax, land tax, changes to rental property deductions and maybe an increase in GST. The media is reporting on the different ideas as they come up, and there are many different pros and cons for any ideas mentioned. However, at this time no decision has been made regarding any options and the Government will be discussing these next year. We will keep you posted.

PREVIOUS NEWSLETTERS ...

For back issues of our free newsletter go to our website

www.dbchartered.co.nz

and click on “Newsletters”.

ACC – Tips on how to ensure you are not overpaying ACC.

Scenario 1:

One of your employees has an accident and you pay their first week's pay (as is required) before their ACC compensation commences.

Did you know?

The gross amount can be deducted from your total liable earnings calculation on the Employer ACC Invoice for the year in which the accident occurs so that you do not pay ACC on this amount (ie. If the accident happens now, the invoice you receive August/September 2010 should be adjusted). There is a section for this on the "Changes to your information" page that comes with your invoice. Note: You need to have a very good record system or an excellent memory to make sure you adjust for this!

Scenario 2:

Your Company pays PAYE salary during the year and a non-PAYE salary at year end and the total is in excess of \$102,922 per individual (the maximum **individual** liable earnings for ACC in 2009 year). Based on this, ACC will issue two invoices and you will be overcharged ACC as the income limit per individual is \$102,922. How do you claim this back/get the invoice adjusted?

Answer:

Write a letter to ACC stating the gross amount of **individual** PAYE salary and the amount of non-PAYE salary paid for the year showing that this exceeds the maximum. Ask for an ACC premium credit on the difference between the ACC income maximum and the actual Gross earnings (combined salaries) paid.



If in doubt, we can help! Please contact us.

Joke #1 - Simple Joe who is mad for the horses thought he had a sure winner the other day at the track. The tote board listed his horse as starting at 25 to 1, and he knew the race didn't start until 1 pm.

How can I keep track of how my business is doing?

All businesses are different. Some businesses have an accounting software system which will tell them how much their monthly sales, expenses and profit is (or daily or weekly), some may rely on their GST figures to assess what the sales and expenses are every two months, some may have a manual cashbook to record monthly income and expenses and some may just confirm what the bank statement balance is on a regular basis to assess how the business is performing.

We recommend that you regularly take a look at the financial position of your business so you can see if performance and profits are on target and identify any areas of concern.

This may include (but is not limited to):

- Obtain a summary of monthly sales, cost of goods sold (purchases and direct wages) overheads and profit.
- Confirm the Accounts Receivable at month end. Ensure a system is in place to follow up outstanding debts. Look to reduce the percentage of receivables greater than 30 days overdue.
- Check stock levels. Ensure that the stock levels are kept to a realistic minimum and that the person in charge of stock purchases is not purchasing unnecessary stock.
- Confirm accounts payable amounts and days each month. Are payables up to date, improving or gradually taking longer to pay.
- Confirm total asset purchases year to date (and if purchased from working capital or finance).

Attention to the above areas will allow you to keep a check on where your business is at.

If you need a hand putting in a system to get any of the above information, or want to sit down on a regular basis to go through your reports and discuss your position, please contact us.

KEEP IN TOUCH

Generally our firm does not charge clients for the occasional times when you may need to call us to clarify something, discuss something in relation to your business or personal matters or just to keep us informed as to what you are up to. This is to assist you in your business so that you can phone and ask rather than be in doubt.



TRUSTS

It is important that the affairs of a Trust are conducted and managed correctly so that the Trust meets its legal requirements and to show that the Trust assets are clearly separate from the Trustees personal assets.

We recommend that the Trustees of a Trust ensure:

- The Trust has a separate bank account
- They have a formal meeting of all Trustees to discuss matters relating to the Trust at least once a year
- That all Trustees decisions are recorded in writing (for example purchase of property or investments, income or capital distributions)
- Any gifting requirements are completed annually (while your solicitor may complete this for you, you may personally need to follow-up to check that it is done)
- The Trust assets are adequately insured
- Each Trustee has a copy of the Trust Deed and is aware of its contents and terms and what powers the Trustees have.

Joke #2

A blonde lady motorist was about an hour from Hamilton when she was flagged down by a man whose truck had broken down.

The man walked up to the car and asked, "Are you going to Hamilton?"

"Sure," answered the blonde, "do you need a lift?"

"Not for me. I'll be spending the next three hours fixing my truck. My problem is I've got two chimpanzees in the back which have to be taken to the Hamilton Zoo. They're a bit stressed already so I don't want to keep them on the road all day. Could you possibly take them to the zoo for me? I'll give you \$100 for your trouble."

"I'd be happy to," said the blonde. So the two chimpanzees were ushered into the back seat of the blonde's car and carefully strapped into their seat belts. Off they went.

Four hours later, the truck driver was driving down Victoria Street when suddenly he was horrified!! There was the blonde walking down the street and holding hands with the two chimps, much to the amusement of a big crowd.

With a screech of breaks he pulled over and ran over to the blonde. "What the heck are you doing here?" he demanded. "I gave you \$100 to take these chimpanzees to the zoo."

"Yes, I know you did," said the blonde, "but we had money left over so now we're going to the museum."

BOOK REVIEWS

“TOUGHEN UP – What I’ve Learnt About Surviving Tough Times” – Michael Hill (2009)

Michael Hill was 40 before he started his own business, opening a jewellery store in Whangarei in 1979. Since that time he has expanded nationally and globally, including Australia, Canada and the US. His book talks about the concepts he has learnt that make a difference to assist businesses and individuals. He explains the good and bad times he has encountered in achieving his goals to date and how they have impacted on his success.



“BULLET PROOF YOUR BUSINESS NOW” – Andrew Griffiths (2009)

This book is written in four sections – Advice for all people in business, advice for those starting to get nervous about their business, advice for when the situation is really serious and advice if your business doesn't make it.

As well as ideas for improving your business and taking action when required, it also covers the importance in keeping a balanced life and confiding in people and discussing matters when needed. The book is around a 2-3 hour read and offers practical ideas to assist business owners.

These books are available at your bookshop or online @ www.fishpond.co.nz

PROVISIONAL TAX – DUE 15TH JANUARY 2010

Clients please remember to get your Provisional Tax cheques to us by **21st December 2009**.

We will arrange delivery to the IRD on 15 January 2010, but our office will be closed until 18 January 2010.

COMMUNITY SERVICES CARD

Who is entitled to a Community Services Card? When your income is at or below the following thresholds you may be entitled to a CSC. For more information contact Work and Income New Zealand.

Single Living Alone	\$24,514
Married Couple	\$36,618
Family of 2	\$44,211
Family of 3	\$53,539
Family of 4	\$60,959

*Thank you for your support
over the past year.*

*We hope you all have an enjoyable Christmas
and New Year period.*

From the staff at DB Chartered Accountants

*David, Angie, Dianne, Gaylene, Joy,
Lorraine, Maree and Pam*

NZ SUPERANNUATION

Are you getting close to 65 and NZ Super? Once you turn 65 (and a NZ resident) you are entitled to NZ Super. NZ Super is not asset or income tested (although there may be adjustments when a couple are not both 65).

NZ Super needs to be applied for on the correct application form and with the correct identification and related information. NZ Super is not backdated so if you have not applied for it prior to turning 65 you will miss out on any funds until you have the paperwork sorted out. We recommend getting all the paperwork sorted out well before turning 65.

DB CHARTERED ACCOUNTANTS ...

*Assisting business owners and
individuals in their business and personal
affairs by providing quality accounting,
taxation and planning services.*

GIVE US YOUR FEEDBACK

Remember to let us know what topics you would like covered in the future, and if you need to discuss anything mentioned in the newsletter, give us a call.

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