

Tax Calendar



21st September 2009

PAYE due

28th September 2009

GST due

20th October 2009

PAYE due

FBT due

28th October 2009

GST due

20th November 2009

PAYE due

30th November 2009

GST due

21st December 2009

PAYE due

15 January 2010

GST due

Prov Tax due

20 January 2010

FBT due

28th January 2010

GST due



An accountant dies and goes to heaven. He reaches the pearly gates and is amazed to see a happy crowd all waving banners and chanting his name.

After a few minutes St. Peter comes running across and says, "I'm sorry I wasn't here to greet you personally. God is looking forward to meeting such a remarkable man as yourself."

The accountant is perplexed. "I've tried to lead a good life, but I am overwhelmed by your welcome," he tells St. Peter. "It's the least we can do for someone as special as you are. Imagine, living to the age of 160 and still looking so young," says St. Peter. The man looks even more dumbfounded and replies, "160? I don't know what you mean. I'm only 40."

St. Peter replies, "But that can't be right - we've seen your time sheets!"

NEWBIE

We are pleased to announce that since the printing of our last quarterly newsletter another member has join our team here at CATS:

Janelle Crawley

Janelle works in our Rangiora office assisting Marilyn with GST processing and data entry

We hope you will all join us in making her feel welcome.

ITEMS OF INTEREST

Russell's Ramblings

Why do you need business insurance

Traffic fines

Capital Gains

IRD Audit/Compliance

Tax Calendar

The Funny Bit

Newbie

RUSSELL'S RAMBLINGS

What is happening with Inland Revenue?

Recently two Christchurch surgeons re-organised their tax affairs to take advantage of current legislation. The High Court agreed that using legal tax structures was fair and equitable. Inland Revenue disagree – they are appealing.

In 2001 Inland Revenue argued a case through to the Court of Appeal. Recently they took a case through the court system arguing the exact opposite.

Inland Revenue have now decided that they will target losses to ensure they are genuine – as if business purposely make losses – rentals excluded of course.

Government have intimated that rental losses should be ring fenced. LAQC's should not be permitted to transfer losses to personal income. So what do we intimate from all this activity? The Government tax take is down, the new dividend rules have produced huge losses instead of expected income, and the number of Trust structures have quadrupled in the last three years, many of them formed to take advantage of the lower tax structure available.

The only conclusion to this extra Inland Revenue activity is that the Government is short of money and they want to extract every cent from you the taxpayer.

So what are we doing for you?

We are being extra vigilant, examining closely all expense claims, and trying to ensure compliance with all the rules.

What should you do?

Ensure you maintain your records accurately, sign up for our fortnightly email newsletter so that you can keep up to date with current developments, and check with us before embarking on any major changes.

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WHY DO YOU NEED BUSINESS INSURANCE?

If a window fell out of the building and damaged a car, this would be a claim against the Landlord's Public Liability.

On the other hand if through your unintentional negligence you caused a fire and damaged the building, this would be against your Public Liability.

Any accidental and unforeseeable damage caused to the contents, stock, etc. these would be covered under your Business Contents cover. If it were serious enough to close the business for a length of time; the landlord could claim loss of rents under his Business Interruption and his insurer would look to your Public Liability policy (but only if you had been negligent) to cover the costs.

You require your own Business Interruption cover to protect you against the loss of Gross profit and your payroll costs to retain key staff.

PUBLIC LIABILITY INSURANCE

Public Liability policies provide businesses with protection against claims for compensation in respect of unexpected and unintended personal injury or property damage for which they may be legally liable arising out of their business activities.

In addition, the policy provides for the costs of defending these claims in court, as well as any necessary investigations or negotiations.

TRAFFIC FINES

Fines are generally not deductible for two reasons:

1. There has to be a sufficient nexus between the fine and the deriving of income
2. To allow fines as deductible, it could be contrary to public policy.

A logging business was fined for overloading its trucks. The fines were not deductible.



230 property investors have made voluntary disclosures.

CAPITAL GAINS

Capital gains are not taxed in NZ, however in certain circumstances profits from property can be subject to tax. The IRD was able to obtain \$111 million in unpaid taxes in 2008 and \$43million so far this financial year from 5027 routine property tax audits. This amount has also been increased by a new IRD investigation team which has identified a further \$25 million in unpaid taxes from the last two years. Further, more than

IRD is considering new rules for depreciating chattels. You may be familiar with the principle of the assets attached to the house being part of the house. However, the department is also looking at the value placed on assets at the time of purchase. If no separate value for chattels is specified at the time of purchase, the taxpayer will not be able to get chattels, bought as part of the house, valued and claim depreciation on them. Therefore, we urge all property buyers and sellers to include individual figures for chattels in their sale and purchase agreements.

New Zealand has entered into a Tax Information Exchange Agreement with Guernsey. Like the similar agreement which NZ entered into with the Cook Islands a few weeks ago, these agreements allow the IRD to obtain information about transactions in these tax havens



A company director was found guilty of aiding and abetting a tax offence by allowing PAYE to be used to pay creditors. This should be taken in account when considering how best to pay your bills

Help!!

We need the space, please collect last years documents next time you're passing Thanks

IRD'S AUDIT/COMPLIANCE FOCUS FOR 2009/2010

The IRD have recently published "advance notice" of areas of focus in its compliance management programme for 2009/2010. Given the current economic crisis it is not surprising that key areas of focus are managing tax debt and identifying the "hidden economy" to combat fraud.

This notice is in fact over 40 pages, however there are three areas of their focus that may be of interest:

- Income from offshore investments (calculation of FIF income, overseas data matching exercises to identify unreported income)
- Artificial tax losses – more focus on investigating substantial tax losses
- Online traders not reporting income

The IRD has said it will be circulating a questionnaire to executives. The results will be evaluated against supporting information and analysis. If you receive such a questionnaire, contact us before you respond to the IRD. The key IRD message to businesses is that tax is a governance issue and boards of companies need to be on top of tax issues.