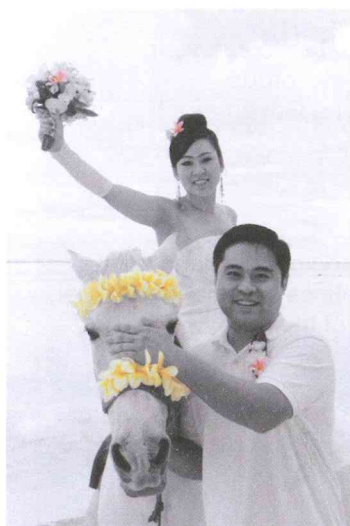


Oldershaw & Co Ltd

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*Positive thinking will
let you do everything
better than negative
thinking will .*

Zig Ziglar

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Welcome to our first ever June newsletter. In this edition you will find information about the budget, tax cuts, changes to GST rates etc.

Please take a moment to read the notice regarding ACC at the bottom of this page as this could help you in your business to save money.

We look forward to seeing you all in this financial year and please do not hesitate to contact us if you have any queries regarding information published here.

What's happening internally—Michelle and her husband Mealoh had a fantastic wedding on the 11th June at the Crown Beach Resort in the Cook Islands. She enjoyed her wedding celebrations and holiday without GST and tax.

Also on the wedding front Kate has confirmed her big day will be happening on the 25th of November next year.

Nick Maguire has joined the Oldershaw team having moved here from Wellington. This is his first accounting job since finishing university at Victoria where he achieved a Bachelor of Commerce and Administration in Accounting, Commercial Law and Finance and a Bachelor of Arts in Economics. When Nick is not hard at work he enjoys cricket and squash on a social level and regular visits to the movies.

AUDIT OF CHARITIES—A NOTICE TO ALL TRUSTEES

The Charities Act requires all charities registered with the Charities Commission to file an annual return each year.

An annual return consists of a completed annual return form and a copy of your accounts.

The legislation is also designed to help promote public confidence in charities.

The information provided in the annual return will assist the Charities Commission to monitor registered charities to ensure they remain qualified to be registered.

The public will be able to see the information provided in your annual return including financial accounts on the Charities Register.

Over the past years Oldershaw & Co has been providing local charitable organisations with services from basic annual financial accounts to a full package including low cost audits.

ACC

As tax agents Oldershaw & Co Ltd are linked to ACC on line services. Staff are now trained to be able to help Clients in various way by having access to information ACC holds. We can check that you are paying the correct ACC premium and getting the best value for your payments. Bring in your latest ACC invoice or statement and see what we can do for you!

Have you Considered Coverplus extra—if you are a sole trader, a partner in a partnership or a shareholder employee who does not have "PAYE" deductions on your salary, you may wish to consider Coverplus extra—give us a call to discuss.

2010 Budget tax highlights

The 2010 budget delivered on the long-anticipated expectation that it would include a comprehensive package of tax reforms. The across-the-board tax cuts and other tax changes announced on May 20 were the most significant tax reform package in New Zealand for nearly 25 years.

The Budget tax changes are described briefly below.

GST rate hike

The rate of the goods and services tax (GST) will be increased from 12.5% to 15%, beginning on 1 October 2010.

Personal income tax rates reduced beginning at October 2010.

Income band	current rates	new rates
\$0—\$14,000	12.5%	10.5%
\$14,001—\$48,000	21%	17.5%
\$48,001—\$70,000	33%	30%
\$70,000—and more	38%	33%

Company tax rate—The rate of company tax will decrease from 30% to 28% from the 2011/12 income year. Savings vehicles such as portfolio investment entities (PIEs), superannuation funds, unit trusts, group investment funds and life insurance policy holder income will be subject to the same rate. The Government objective is to provide further incentives for New Zealanders to save.

Trustee tax rate—the current 33% tax rate for trustees is unchanged.

Qualifying companies—For income years commencing on or after 1 April 2011, qualifying companies and loss attributing qualifying companies will be treated for income tax purposes as “flow through” entities in a manner similar to partnerships. Profits/losses will be allocated each year to shareholders in the proportion of their shareholding.

Depreciation—removal of the 20% depreciation loading for new assets purchased after the 2010 Budget. Zero depreciation rate on buildings with expected lives of 50 years or more. Depreciation deductions will remain for “fit out” items not considered to be part of the taxpayer’s building.

Tightening of Working for Families tax credit (WFF)—from 1 April 2011 investment losses will need to be added back to a person’s taxable income for the purpose of determining eligibility for WFF.

Increased IRD audit activity—to better ensure the integrity of the tax system Inland Revenue will receive a funding boost of \$119.3 million over four years, starting in 2010/11. This funding will increase audit and compliance activity around debt collection, the hidden economy and property transactions.

GST and land transactions—From 1 April 2011, transactions between registered persons involving the transfer of land will be zero rated for GST purposes.

NEW RATES FOR CHILD SUPPORT 2011

Each year the IRD recalculates the rates used to assess child support payments. The table below shows the rates for the year 1 April 2010 to 31 March 2011

Minimum formula assessment annual rate	\$815
Maximum assessable income	\$120,463

The table below shows the living allowance for the year ended March 2011

L1—single person with no dependents	\$14,158
L2—Partnered with no dependents	\$19,379
L3—Single/partnered with one dependent	\$27,417
L4—Single/partnered with two dependents	\$30,237
L5—Single/partnered with three dependents	\$33,051
L6—Single/partnered with four dependents	\$35,868

The minimum annual assessment of \$815 equates to \$67.90 a month and an approximate weekly amount of \$15.70.

DISCLAIMER:

The information contained in this newsletter is of a general nature and should be used as a guide only. We recommend to clients that they consult one of the Principals of the Firm before acting upon any information contained herein.

AVOID TRIPPING WITH GST CHANGES

There is a reasonable timeframe for GST registered businesses to get on top of the change. Here are some steps businesses can take now to support a smooth transition.

Accounting systems—Check whether internal systems can cope with adding a new GST rate as it is likely the old rate will need to be retained to deal with transactions taking place at the old rate during the transitional period. As the change will likely occur part way through the standard financial year, businesses will need to ensure previously entered data will not be affected.

Pricing—For businesses selling to end consumers on a GST inclusive basis, the impact on profit and pricing points needs to be considered. Other businesses should review contracts to determine if they can increase pricing for a GST rate hike.

Consumer activity—Is likely to spike prior to a GST rate increase and dip following the increase. Plan ahead to take advantage of this opportunity—possibly by encouraging consumers to pay up-front for recurring or ongoing goods/services.

Credit notes/debit note procedures—Review procedures for issuing credit/debit notes for old rate sales/purchases. Ensure systems can issue correct tax invoices as well as credit/debit notes at both the “old” and “new” GST rates, as GST will generally be recovered/paid at the rate applying to the original sale/purchase.

Contractual obligations—Review long term contractual obligations, agreements for successive supply, voucher systems, agreements where deposits are paid up front, agreements that are priced on a GST inclusive basis and agreements which involve receipt of progressive payments—such as lease agreements and credit contracts.

GST return periods—If the change occurs part way through a businesses’ return period, two GST returns may need to be filed.

Land and property transactions—Ensure all agreements are entered into on a “plus GST” basis so the price can be increased to take a new GST rate into account. Private purchasers may want to lock GST in at the lower rate before a rate increase takes effect.

Cost impact—At 15 % the GST rate will increase by 20%. Some especially those within the finance industry and those who are not GST registered will face a 20% rise in GST costs. This increase should be budgeted for.

WAGES; EMPLOYEES

With changes to personal tax rates, are your payroll requirements causing you anxiety/confusion?

Are you keeping up with all the ever changing and increasing requirements like;

- * Tax rates
- * Kiwisaver
- * Changes to Holidays Act

Worried about the risks of penalties for not meeting the employers ever increasing compliance requirements?

Let us help and advise you on how you can remove the hassle, worry and stress from your business and personal lives, free up your valuable time so you can focus on growing your business.

We have many options for you including on line process and discounted payroll software, most of all knowledge, support and understanding.

Contact us now and let us help you make payroll life simpler.

Should you pay when you sell Online?

If you are regularly selling things online you might have to pay tax.

Lots of people sell things on online auction sites, however if you regularly sell online you might have to pay tax on your profits.

Selling a lot of things online might mean you are in business and you may have tax obligations you didn't know about.

Businesses with online sales over \$60,000 a year are required to register for GST.

Like any other business, sufficient records must be kept for seven years.

If you can answer yes to some or all of the following questions we suggest you get professional advice so you can work out what your tax obligations are.

- Did you buy the goods with the intention of reselling them?
- Did you intend to make a profit from the sale?
- Is your annual turnover more than \$60,000 per year?
- Do you expect your turnover to be more than \$60,000 in the next 12 months?
- Are you selling online as a part of an already established business?

SPICERS

The Spicers business

- Established in 1987
- 20+ years as a leading NZ financial planning and investment management firm
- A network of 44 professional advisers in 22 locations throughout New Zealand
- In excess of \$1.2 billion funds under advice
- Owned by AXA Asia Pacific Holdings

Spicers Investment Philosophy

Anchored on the following core beliefs:

- Active investment management
- A long term approach
- Diversification of investment
- Fundamental value

All the art of living lies in a fine mingling of letting go and holding on.

Henry Ellis

10 REASONS FOR CONFIDENCE IN SPICERS...

1. Spicers clients avoided the destruction of value in the finance company sector.
2. Spicers investment portfolios continue to be liquid and well diversified across many sectors.
3. Spicers national network of 44 advisors has an average of nine years experience with the Company.
4. Spicers has successfully navigated volatile global financial markets for clients since 1987.
5. Our business is growing—more New Zealanders are seeking prudent, risk averse advice.
6. Our Advisors are audited annually and certified compliant with Spicers best practice guidelines.
7. Spicers has applied to become a “Qualifying Financial Entity” under new security regulations.
8. Spicers “Dynamic Asset Allocation” investment process demonstrates relative out-performance.
9. Spicers integrated investment platform offers direct investment and PIE compliant investment funds.
10. Spicers Clients have continuous access to their portfolio information on-line.

Summary of thoughts of the future

- Global growth is recoveringslowly
- Emerging markets underpinning global growth
- Lots of stimulus needs to be unwound—timing is crucial
- Expect more volatility across markets
- Interesting new investment opportunities exist for the future

So what should you do?

- * Work with expert advice
- * Be prepared—regulation is coming, we can make it easy for you
- * Work smarter together for mutual benefit
- * Wise investors have maintained their investment discipline
- * Patience has been rewarded

Marc Nel features on Classic Hits 89.5 around 8.20 every Wednesday morning discussing investments and the economy.

He shares this slot with Les Cunningham from the Spicers Havelock North office.

Don't forget to listen to...."This weeks Spicers Sparkle in your ear".

Advisors: Marc Nel and Shaun Brown, their disclosure statements are available on request free of charge. For more information contact Marc Nel or Shaun Brown on 06 843 8300.