



## Newsletter - March 2005

### **FAVOURS – we ask of you!**

*Do us all at Oldershaw's a big favour and keep in touch.*

- If you move
- Change home / work telephone / fax number
- Change employment
- Get / change email addresses
- Alter shareholdings
- Alter directorships
- Alter trustees

**PLEASE LET US KNOW** so that we can keep our database up to scratch.

EMAIL – [joanne@oldershaw.co.nz](mailto:joanne@oldershaw.co.nz)  
[mailbox@oldershaw.co.nz](mailto:mailbox@oldershaw.co.nz)

### **NEW LEGISLATION**

#### **Fringe Benefit Tax – Prescribed rate of interest on low-interest, employment-related loans**

*The prescribed rate of interest used to calculate fringe benefit tax for low-interest, employment-related loans has increased from 8.02% to 8.52% for the quarter beginning 1 January 2005.*

*The rate is regularly reviewed to ensure it is in line with the Reserve Bank's survey of first mortgage interest rates. It was changed with effect from the quarter beginning 1 October 2004. The new rate was approved by Order in Council on 24 November 2004.*

**Income tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations (No. 4) – published by Inland Revenue Department Tax Info Bulletin December 2004**

### **Staff News:**

During August, last year, we welcomed Josephine Hodgetts to the fold. Josephine joined the team having spent 30 plus years working for Norsewear of New Zealand, running their office like a finely tuned/well oiled knitting machine.

Many of you will remember Maree Bradshaw who worked with us for nine years. She decided that the time was right to move to greener pastures (home – lucky her) on the 17<sup>th</sup> September last year. We love to see her smiley face and hear that infectious laugh around the office when she has time to visit us.

Then, at the end of December, Shaun Brown decided a career move was the right thing for him. He moved on to commercial accountancy at Aquiline Holdings during February and we wish him well and many happy years there. His extremely calm persona is notable by its absence.

Jackie O'Dwyer has moved across from Neil's team to replace Shaun – a new job without having to leave her old job. Well done to Jackie.

To replace Jackie - Danielle Belton joined the Oldershaw's team during February. Currently at EIT studying for Bachelor of Business Studies and Bachelor of Computing Systems, Danielle's other belt notch is being the 2004 "Executive Insight Program" winner at ICANZ.

### **"BACKING BUSINESS IN THE BAY" SEMINARS**

**'WATCH THIS SPACE'**

**FOR DETAILS ON THIS YEARS SEMINARS – HAPPENING IN THE BAY DURING THE NEXT FEW MONTHS – WE WILL KEEP YOU POSTED.**

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

# TSUNAMI - special tax info

## CLAIMING A DONATIONS REBATE - RULES APPLY TO TSUNAMI DONATIONS ONLY

Donation must have been:

- \$5 or more;
- made to an approved donee organisation;
- acknowledged by a receipt or other proof of payment.

*Please Note - Donations to approved donee organisations are NOT subject to GST.*

### Making a Deposits Donation at a Bank -

If you have made/make such a deposit you will be able to claim a donation rebate provided you get a deposit receipt from the bank clearly showing the donation.

### Making a Donation by Phone -

Some of the approved organisations have set up systems to call 0900 numbers and a predetermined amount is debited to your telephone account. Inland Revenue will accept a copy of your telephone account showing the donation, or a receipt issued by the organisation as evidence.

Other groups have 0800 services. These donations need to be supported by official receipts from the organisation or a copy of the bank deposit receipt showing the name of the organisation to whom the donation was made. **Again, the group must be included in one of the approved donee organisations.**

### Donations made via other organisations -

For example, some supermarkets have a scheme enabling their customers to include an additional amount to their grocery bill, which is then passed on to various relief organisations. Where these amounts appear on the supermarket docket showing as "**TSUNAMI DONATION**" Inland Revenue will accept this as evidence of a donation if \$5 or more.

### Street / Bucket Donations -

Generally these do not give receipts for donations, however, if you can manage to obtain a receipt and the donation was made to an approved donee organisation then you will be able to claim a rebate.

## INCOME TAX - DUE DATES

Month of Balance Date	Provisional Tax 1 <sup>st</sup> Instalment	Provisional Tax 2 <sup>nd</sup> Instalment	Provisional Tax 3 <sup>rd</sup> Instalment	Terminal Tax Tax Agent	Terminal Tax No Agent
October	February	June	October	November	September
November	March	July	November	December	October
December	April	August	December	January	November
January	May	September	January	February	December
February	June	October	February	March	January
<b>MARCH</b>	<b>JULY</b>	<b>NOVEMBER</b>	<b>MARCH</b>	<b>APRIL</b>	<b>FEBRUARY</b>
April	August	December	April	April	February
May	September	January	May	April	February
<b>JUNE</b>	<b>OCTOBER</b>	<b>FEBRUARY</b>	<b>JUNE</b>	<b>APRIL</b>	<b>FEBRUARY</b>
July	November	March	July	April	February
August	December	April	August	April	February

### **Smiley Bit**

A frog goes into a bank and approaches the teller. He can see from her nameplate that her name is Patricia Whack. "Miss Whack, I'd like to get a \$30,000 loan to take a holiday".

Patty looks at the frog in disbelief and asks his name. The frog says his name is Kermit Jagger, and his dad is Mick Jagger, and that it's okay, he knows the bank manager.

Patty explains that he will need to secure the loan with some collateral.

The frog says, "Sure. I have this", and produces a tiny porcelain elephant, about an inch tall, bright pink and perfectly formed. Very confused, Patty explains that she'll have to consult with the bank manager and disappears into a back office.

She finds the manager and says, "There's a frog called Kermit Jagger out there who claims to know you and wants to borrow \$30,000, and he wants to use this as collateral". She holds up the tiny pink elephant. "I mean, what in the world is this?"

The bank manager looks back at her and says....

"It's a knickknack, Patty Whack. Give the frog a loan. His old man's a Rolling Stone".

*(you're singing it, aren't you? Yeah, we know you are.....)*

**NEVER TAKE LIFE TOO SERIOUSLY! COME ON NOW, YOU GRINNED, WE KNOW YOU DID!!!**

### **SPICERS:**

Spicers Wealth Management is a leading financial advisory company which has not traditionally recommended finance company debentures. However, the rising profile of the finance company sector, and its recent strong growth and returns, has encouraged Spicers to review the merit of such investments. They commissioned McDougall Stuart, a research body, to carry out this review.

Their analysis has relied solely on publicly available information, including secured debenture prospectuses, trust deeds and websites. The companies in this review have been selected on the basis of the size of their receivables book (>\$200m), and low exposure to the property (development) sector (<70%).

The review of each company covered:

- Size and history
- Trustee (and Trust Deed) – strength of covenants, diligence of Trustee.
- Governance – independence of board, management experience.
- Receivables book – industry and geographic sectors, loan size and term.
- Loan security – nature and extent of security (if disclosed).
- Related party and inter-company transactions – a key risk factor.
- Book performance – bad debt record
- Loan diversification – sectors, credit concentration.
- Liquidity – cash or undrawn debt facilities.
- Leverage – gearing.
- Core business – finance or other.

***If you would like a copy of this report and its recommendations please contact Charles Lambert or David Compton on 843 8300***

### HOT TAX TIPS AND YEAR END REMINDERS:

- **Write-off bad debts before your year end.** You can either remove the debt from your ledger or show how you have written it out. If you want, you can still carry on trying to recover the bad debt, because if you succeed then you can always write it back into your ledger.
- **Count stock.** Any obsolete stock should be cashed up with a stocktaking sale or by removing from the premises and disposing of it and then writing it out of your stock records. You may value your stock at the lower of cost and market value. Make sure you use the correct valuation for your stocktaking. Use your abacus/fingers/toes to count your stock, please DON'T rely on computer records, they may not always be correct.
- **Important Stock Note.** If your trading stock is not more than \$5,000 and your turnover is under \$1.3M then you don't need to count or value your stock for tax purposes. Remember that you must be able to substantiate your stock figures to the IRD at any time and you therefore will need to keep good records.
- **Terminal taxes** due 7<sup>th</sup> April 2005
- **First Provisional tax** due 7<sup>th</sup> July 2005
- If you have **work in progress** which you feel will be un-chargeable then you need to treat it as you would a bad debt. You should write it off so as not to inflate your profits and therefore incur additional tax.
- **ACC Levies** are not a tax but a business expense, and GST is claimable on the non-earner premium portion.

### "PROPERTY TAX CHEATS IN INLAND REVENUE DEPARTMENT SIGHTS"

INLAND REVENUE  
INVESTIGATORS REAP EXTRA  
\$106M IN BLITZ ON PEOPLE WHO  
BUY AND SELL HOUSES:

Report in The New Zealand Herald

If you are concerned or just want more information, please contact us.

### COMPUTERISED ACCOUNTS

Are you wanting to go to computerised accounting. Our Banklink System is simple to understand and operate. We now have over 187 accounts using the system. An increase of 33.5% over the previous year.

We would be willing to show you the benefits and whether it is right for your business.

### Use of Money Interest Rates Increase

Use of money interest rates were recently increased by Order in Council with effect from 8 March 2005. Interest on underpayments of tax will increase from 11.93% to 13.08% and on overpayments from 4.83% to 5.71%.

The previous rates have applied since November 2001.