

The "Smart" Way To Pay Your Fees

In today's trading environment many businesses prefer to spread their professional fees over the year, rather than paying them as a single lump sum, just like rent or insurance premiums.

We have teamed with a new financier in the market, feeSMART, to offer an alternative method to any clients who prefer to fund their fee over a 6-12 month period. We know that clients using feeSMART are generally quite capable of paying their professional fee as a lump sum, but this is another option to help manage cashflow effectively. There are no credit checks involved, and utilising this funding allows you to retain your existing

credit facilities and overdraft for other business needs. feeSMART charge a market competitive credit fee, which is a deductible expense to your business.

In future, any invoices over \$1,000 from us, will include this feeSMART option on the statement. You can simply tick the preferred option and contact Cass Larkin at our office, or else go online to complete details at www.feesmartdirect.co.nz. A simple funding agreement and direct debit authority are all that is needed.

Want To Spend More Time On Your Business And Less On Your Accounts?

The BankLink Service eliminates the time you spend looking for missing statements by collecting your statement information direct from your financial institution and delivering your data to us electronically. By receiving your data electronically, we are able to complete your accounts with very little need for manual data entry, which means you spend less time talking to us and more time taking care of your business.

BankLink is New Zealand owned and operated, and has been delivering data in accordance with the strict security requirements of all the major trading banks for over 20 years. As a result, not only can no one access your bank account, but your statement data is as secure as possible.

BankLink collect data for over 400,000 accounts in New Zealand and Australia, and have a huge range of data sources, including many credit cards and rural institutions. If you want to know more about how the system works or whether they can collect data for your account speak to us or visit their website www.banklink.co.nz. Getting started couldn't be easier. Ask us for a Third Party Authority form, which is required to allow us to collect your data electronically, fill it in and return it to us and we'll take care of the rest.



Recent Tax Updates

The alignment of the resident withholding tax (RWT) rates on interest with the new income tax rates, is the major policy item in a new Tax Bill introduced to Parliament in July.

RWT Rates – Individuals

The Bill introduces new RWT rates on interest for individuals of 12.5%, 21%, 33% and 38%. The new rates will apply generally from 1 April 2010 and this will bring them into alignment with the current personal tax rates.

The default RWT rate for those people who do not notify their bank of their correct RWT rate, will increase from 19.5% to 38%. The Government noted that the reason for increasing the default rate is to encourage individuals to select the RWT rate that is consistent with their marginal tax rate. The new default rate applies to accounts opened from 1 April 2010.

As a transitional measure, individuals with bank accounts at 1 April 2010 who are on the current RWT rate of 19.5%, will have their rate automatically moved up to 21% for one year from 1 April 2010. If they do not confirm the 21% rate or choose another rate, their RWT rate will default to 38% from 1 April 2011.

The non-declaration rate (which applies to people who do not provide their bank with the IRD number) will be lowered from 39% to 38% from 1 April 2010.

The Bill also proposes that interest payers will be required, at least once a year, to remind taxpayers to ensure that they are on the RWT rate that is consistent with their personal tax rate.

RWT Rates – Companies

To align the RWT rate on interest paid to companies with the new 30% company tax rate, an optional RWT rate of 30% will be available to payers of interest for the 2010/2011 income year. The 30% rate will become mandatory from 1 April 2011.

Other Changes

Other changes in the Bill include providing more time for tax agents who administer Trusts to allocate beneficiary income. The allocation period has been extended to allow income allocation to be made in the longer of the following periods ;

- 6 months after balance date, or;
- The earlier of the time in which the tax return is due (generally 31 March of the following year), or the time it is filed.

Kiwisaver News

Over the past 12 months our KiwiSaver providers, Grosvenor Financial Services, have continued to exceed expectations. This was proven, when in February 2009, they won the National Business Review Most Exciting Superannuation Company. They were closely followed by such companies as Milford Asset Management, AMP, Mary Holm, Fidelity Life, and Fisher Funds.

Grosvenor have collected this year's members tax contribution from the Government in August, and for those that have KiwiSaver with us, you will be able to confirm this by viewing your account via www.nzkiwisaver.co.nz.



Should you have any difficulty in gaining access to your account, please contact David at this office.

During the course of this year, the Grosvenor IT Team have been busy working on further enhancing online access functionality. You will now notice new features that make Grosvenor KiwiSaver online access one of the best in the market. You can now view online all transactions to your KiwiSaver account, including voluntary, IRD, and Government contributions.

Combined with this excellent functionality online, the various funds continue to perform very well in comparison to other Providers. KiwiSaver members, especially those that started at the inception in July 2007, are now beginning to realise the substantial benefits. For those that have not yet done anything, we would recommend you contact David at this office, with a view to calling, and just see how it all works.

Associated Persons Rules Tightened

A new Income Tax Bill is expected to have been passed by the time you read this bulletin. This tightens the rules that "associate" individuals, companies, and Trusts for tax purposes. This has particular relevance in regard to Land Transactions.

While current structures will remain intact (the law is not to be applied retrospectively), any new transactions will be caught. The result is

that if you are associated to a builder, developer or dealer in land, then it is almost impossible to hold investment properties that would not also be subject to tax when sold for a profit within 10 years of acquisition.

If you are considering purchasing an investment property, please contact us to discuss how this may affect you.

Financial Planning News

For those with diversified Investment Portfolios, it has been a very nerve wracking time during the global recession, which has meant a negative return for almost any Portfolio that had exposure to share markets.

It appears that history has repeated itself again, and after the lows of March 2009, we have seen all share markets rise considerably. For example, in the past 6 months, the New Zealand top 50 share index has increased 23%, the Australian top 200, 37%, along with similar rises globally, although the latter have been partly offset by the strength of the NZ dollar. In our report to our Financial Planning clients in January, we suggested that returns in excess of 30% were

quite common over an initial 12 month period following on from a recession.

Going forward, we would be surprised if the large increase is sustainable, and we are expecting markets to consolidate for a period, thus the latest returns are unlikely to be repeated in the next 6 month period. Nevertheless, with the low short term interest rates and the prediction they will remain so for at least 12 months, the real net return from Bank deposits may not be able to keep pace with inflation, and it may be worthwhile considering other options. If you would like to discuss your situation in confidence with David at this office, please feel free to contact him.

Staff News

Vikki Macdonald

Vikki joined Bright Wild & Thomas in August this year. Vikki was born in the UK and is a qualified UK Accounting Technician. She was a Finance Manager in the UK before leaving to immigrate to New Zealand with her husband Ross, and daughter Jessica (who is now 10), back in 1999. Vikki and Ross have since had another child Jack who is now 8 years old. Since arriving in New Zealand Vikki has become a New Zealand citizen. She has had experience working in other Chartered Accountants offices in Rotorua. In her very little spare time with having 2 sporty children, Vikki likes to walk and mountain bike in our fabulous countryside.



Congratulations

Congratulations to Jany-Lee Robinson for completing her Financial Accounting and Economics Papers this year towards her New Zealand Diploma in Business, and also to Jessica Milnes who has completed 6 out of her 12 papers towards the same Diploma.