

07 Summer NEWSLETTER

Staff News

Congratulations to **Natasha and Grant Keeling** on the birth of their daughter, **Sofia**.

Congratulations also to **Nicky & Jon Old** on the birth of their son, **Patrick**

Bright Wild & Thomas had two teams enter in the 2007 Ekiden relay event this year, the **BWT All Sorts**, who were a mixture of both runners and walkers, and, the **BWT Amazing Racers**, who were entirely a running team.

With **Tim Wild** doing his fair share of walking for the **Amazing Racers**, we were indeed fortunate to have a "real" runner in **Charlotte Porter** which meant the team came in a credible 13th place in the corporate mixed section . (3 hrs 51 min). The other participants in this team were **Justin, Lucie, Janine and Trudi**. **Charlotte** also completed a leg for the **BWT All Sorts** which included **Michelle, Dianne, Eddie, Jessica and Dulcine**.

It was an enjoyable day had by all who look forward to entering again next year.

Bright Wild & Thomas Limited is proud to be sponsoring the 2007 Rotorua Tennis Club Business House competition, an event held over a six-week period on Monday nights. Each division plays four matches consisting of two games of Mixed Doubles, and one each of Mens/ Womens Doubles that are played for 30 minutes each.



This is a three-division competition catering for all levels of tennis, from very social to a competitive section. Bright Wild & Thomas has two teams in the competitive section and two in the Social divisions.

CHRISTMAS HOURS

The office will close for Christmas on **Friday 21st December**, and reopen on **Monday 7th January at 8.30am**.

The Team at Bright Wild & Thomas wish you all a very Merry Christmas, a safe and happy holiday season, and a very prosperous New Year.

GST FOR THE PERIOD ENDED 30TH NOVEMBER 2007

As our office will be closing on 21st December, and many of our Client Manager's will be away until 21st January, please ensure your records are available as soon as possible.

New Provisional Tax Dates

New provisional tax rules are about to come into force from the 2008/09 income year for all provisional taxpayers. The first taxpayers affected by the changes will be those with October 2007 balance dates. For standard balance dates the changes will apply from 1 April 2008.

The key changes are :

- Provisional tax payment dates will generally be aligned with GST payment dates; and
- A new GST Ratio Option (See Pg3) is available for eligible taxpayers for calculating provisional tax instalments
- Instalment Dates
- Generally, from 2008/2009 provisional tax payments will be due on the following dates :
 - Where GST returns are filed monthly or two-monthly, or where the taxpayer is not GST registered, provisional tax will be due on the 28th day of the 5th, 9th and 13th months after balance date;
 - Where GST returns are filed six monthly, provisional tax will be due on the taxpayer's two GST payment dates;
 - Where the GST ratio method is used, provisional tax will be due on the 28th day of the 3rd, 5th, 7th, 9th, 11th, and 13th months after balance date, with each GST return; and
 - Where the due dates fall on 28th December or 28th April, provisional tax will be due on 15th January and 7th May respectively.

For example, for most clients who have a March balance date, provisional tax will be due on 28th August, 15th January and 7th May, as opposed to the current 7 July, 7 November, 7 March. This effectively pushes back the due date by seven weeks. The table below is a sample of the more common balance dates for those taxpayers paying in three instalments.

Balance Date	Instalments of 2009 provisional tax		
	First	Second	Third
31 December	28 May 2008	28 Sep 2008	28 Jan 2009
31 March	28 Aug 2008	15 Jan 2009	7 May 2009
31 May	28 Oct 2008	28 Feb 2009	28 Jun 2009
30 June	28 Nov 2008	28 Mar 2009	28 Jul 2009

The due dates will be extended to the next working day where it falls on a weekend or public holiday. There is no change to the due date for terminal tax payments.

Have You Joined Kiwisaver Yet?

KiwiSaver has been running for over 4 months now, and over 240,000 New Zealanders have joined. The take up has been boosted by the significant incentives provided by the Government, which most people can receive as follows :

- **Wage and salary earners;** \$1,000 for joining, and matching contributions from the Government, and employers, up to \$1,040.
- **Self employed, or people under 65 who are not working;** \$1,000 for joining, and the freedom to contribute any amount (rather than 4% of salary), while receiving matching Government contributions up to an additional \$1,040 per year.

- **Children;** \$1,000 for joining, even if no contributions are made.

As discussed in previous Newsletters, through our sound relationship with Grosvenor Financial Services Group, we are able to offer one of the more flexible schemes when compared to the more than 40 approved by the Government Actuary.

Seven reasons why you should join KiwiSaver through us

1. Flexibility of Grosvenor's Scheme in terms of having no minimum contribution amounts make it ideal for people who aren't employees.
2. Grosvenor is the only Provider to support KiwiSaver's mortgage diversion facility for free.
3. Enjoy the value of advice and traditional relationships.
4. Experience a strong investment management capability.
5. Transparency and positive stance on responsible investing.
6. Utilise a company owned and operated by Kiwis for Kiwis.
7. View your savings online.

Please give us a call to arrange your KiwiSaver membership.



Kiwisaver For Kids

With no minimum age to join, the savings incentives attached to KiwiSaver make it a great way to put aside money for your children's future. The funds will be locked in until age 65, but some amounts can be accessed earlier in certain circumstances, such as buying a first home.

KiwiSaver members under 18 still receive a \$1,000 kick start provided by the Government. They also receive the subsidy towards scheme fees of \$40 per year. Once they turn 18, they will be eligible for tax credit matching contributions made to their account.

What Contributions are Required?

Some Providers may require minimum contributions, however, Grosvenor Financial Services require no contributions for those not receiving a salary or wage, so you can choose how much, and how frequently they are made.

How are Contributions Made?

Contributions can be made directly to the Grosvenor Scheme by a direct debit, or by choosing Grosvenor as a 'Bill Payee' on your internet banking. Any contributions made by cheque need to be paid to the IRD.

What happens if they take on a Job?

As a KiwiSaver member, unless your child is on a 'contribution holiday' which they can apply for after 12 months of joining, they will have to notify their employer to deduct KiwiSaver contributions from their wages at a minimum rate of 4%.

An early start works wonders :

- Starting early, compound interest, and regular savings, can do more than you think.
- We are able to organise personalised gift certificates if you wish to open a KiwiSaver Account for a child, which may be a useful addition to the Christmas Stocking.

Please contact David or Jess at this office for more information.

GST Ratio Option

The new Ratio Option calculates provisional tax as a percentage of the taxpayer's GST taxable supplies in the relevant period. The new optional method is available only to taxpayers (excluding partnerships) who :

- Were GST registered for the whole of the last two tax years; and
- Have residual income tax (RIT) for the previous year of more than \$2,500 and less than \$150,000; and
- The ratio calculates between 0% and 100%; and
- File GST returns every month or every two months.

To use the option, the IRD will calculate the GST ratio (generally by dividing their RIT for the preceding tax year by their total GST taxable supplies). The taxpayer then multiplies their taxable supplies in the GST period that matches the relevant provisional tax instalment period by that GST ratio to determine the amount of provisional tax payable on an instalment date. There will be a new box on the GST return for this calculation.

The major advantage of this method is that Use of Money Interest (UOMI) will not apply to under or overpaid tax until the taxpayer's terminal tax date. It also enables smaller taxpayers to align their provisional tax payments with their cashflow, and is intended to benefit those taxpayers with declining, seasonal or fluctuating income, such as farmers and tourism operators.

There are some complications with this method, and we will be in touch with those clients that we think will benefit from its use, over the coming months before their balance date. If you have any questions in the meantime, please feel free to contact us.

Deferral of IFRS for small entities

The mandatory adoption of the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) has been delayed for certain small entities as a result of a decision made by the Accounting Standards Review Board (ASRB).

All New Zealand entities that prepare general purpose financial statements were required to adopt NZ IFRS for periods beginning 1 January 2007. However, there has been much debate recently about the applicability of NZ IFRS to small entities. The ASRB requested the Minister of Commerce to undertake a review of the current legislative reporting requirements applying to small companies. This review is now set to commence in mid 2008.

The option to delay the adoption of NZ IFRS is open to companies that are not issuers, (of public shares or debt) not required to file financial statements with the Registrar of Companies, and not "large" as defined by the Financial Reporting Act 1993 (FRA).

A company will be "large" under the FRA if it meets any two of the following criteria :

- Assets exceeding \$10 million;
- Turnover exceeding \$20 million; and
- 50 or more full-time equivalent employees.

For entities that are not subject to the FRA (some trusts, partnerships and incorporated societies), the exemption is available for those that are not publicly accountable and not "large" as defined in the Framework for Differential Reporting.

Land Transactions

Land transactions and the taxation of income arising thereon are, in relative terms, amongst the most complicated and least understood of all taxation law because of the following four factors :

1. Most people at some stage in their lives own real property.
2. Many people think of receipts from the sale of such property to be free of tax especially if they are not in business.
3. Many people think that there are no tax issues, as they do not realise the interrelationship of the taxing sections, and contradictions that can arise just by being associated to someone else.
4. All but the most simple of land transactions necessitates consideration of the tax laws.

The Most Simple of Transactions

Whilst generally, the sale of your family home should be without tax implications, not much more than that has shown to be potentially dangerous territory.

For example, the simple subdividing of the back of the family home appeared to fall foul of the GST rules as a continuously operated activity because of the decision in the Newman case. Fortunately, this case was overturned on appeal and clarified by a subsequent Interpretation Statement from the Commissioner of Inland Revenue. However, it served as a timely reminder that the GST rules and the Income Tax rules are not always in harmony. It also demonstrated that it was possible for a transaction to be subject to Income Tax and not GST, and vice versa.

As another example, the tax legislation alludes to "work of a minor nature" being an exemption to the tax rules in some circumstances, yet the tax cases struggle to give examples of instances that actually fall within the scope of "work of a minor nature".

There are a number of sections of the Income Tax Act 2004 that deal with the taxation of land transactions. These are briefly :

- Section CB5 > Land acquired with the intention of disposal
- CB 6 and CB 7 > Land acquired by taxpayers and 'associated persons' who conduct a business of dealing in land
- CB 6 and CB 8 > Land acquired by taxpayers and 'associated persons' who conduct a development or subdivision business
- CB 6 and CB 9 > Land acquired by taxpayers and 'associated persons' who conduct a business of erecting buildings
- CB 10 > Taxpayers who develop or sub-divide land
- CB 11 > Major subdivision schemes
- CB 12 > Profits on sale where there is a change in status under the Resource Management Act

IRD Audit Activity

The IRD have committed additional resources to the audit of land transactions. They are looking at people buying and selling land in this region. Documentation is important in minimising the risk of attack from the IRD.

We have a specialist team who deal with taxation and GST issues as they relate to land transactions. If you are contemplating the sale or purchase of property, we recommend that you contact us first, as there may be taxation implications that can be dealt with before it's too late to do so.

Software

CashManager Rural \$1,196.00 + GST Cashbook software that provides farmers with unique tools for farm management.

Features:

Transactions

- Manually enter or import transactions from Internet Banking software
- Record livestock quantities and average weights
- Set up Enterprises to produce detailed reports for multiple farms;

Cashflow & Budgeting

- Use worksheets to calculate and add detail e.g. quantities, weights & prices
- Create a budget based on last year's actuals
- Transactions automatically update the Cashflow, view actuals to date and budget to come
- Dairy Calculator to enter milk solids, advance & deferred payments;

Stock Reconciliation

- Enter stock numbers for the year
- Use percentages when budgeting to calculate expected births & deaths
- Actual sale & purchase transactions update your stock reconciliation
- Age your stock automatically based on your settings

Optional Debtors Module \$296.00 + GST

- Fully integrates with Cashbook
- Create and manage statements
- Analyse sales by product or customer
- Reports on current debtors

If you are interested, or, require more information, please contact **Trudi** at our office



Mountain View Funeral Services opened their doors at their unique park-like setting situated at No. 1 Pukehangi Road, Rotorua mid April 2007.

The challenges, brickwalls, headaches and stress of getting to opening point is a huge achievement and something Erin MacDonald (Managing Director) and her family are very proud of.

Erin has worked in Rotorua as a Funeral Director in the past and has continued to work as Rotorua's Senior Mortuary Technician for the last six and a half years. Erin's passion of caring for those that have passed on as well as caring and guiding those that have been left behind has been the drive to achieve her dream of owning and operating her own Funeral Home.

It was essential for Erin to create an environment that was not commercialised or clinical, somewhere that people could feel relaxed and comfortable when such sensitive services were required, hence the creation of Mountain View Funeral Services (MVFS) at 1 Pukehangi Road, Rotorua.

The Funeral Industry is a delicate and sensitive area and has proven to be the case when setting up a new Funeral Service with a difference.

Finding suitable land with that special rural quality, obtaining Resource Consent which was publicly notified and involved preparing for and attending pre and statutory hearings, renovating an existing 1940's homestead into a homely, classy environment and designing and building mortuary facilities to match and blend with the rural aesthetics are only a few of the challenges faced and conquered.

Becoming established and trusted in the community can be hard work for a new business. Never underestimate the power of advertising and the cost of advertising! Having credibility and accountability is vital and for MVFS becoming members of the Funeral Directors Association of New Zealand was vital to enforce the highest standards and protocols within the funeral industry.

The importance of getting things right from the start means always engaging professionals in every area like our Accountants at Bright Wild and Thomas for financial and business knowledge, advice and guidance.

Mountain View Funeral Services is unique in all aspects, call in and see our beautiful location and the services we provide.

Have faith in your dreams and goals and believe in your skills to "Create a difference..."