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Gilmore Brown Limited manager

We are pleased to advise Danny Douglas, one of our Chartered Accountants, has recently been promoted to manager, joining the other members of our management team.



ACC online information

We can now access your ACC information on line, provided you have given us authority to do so. Authority can be given either by contacting our office or simply by signing the authority section of our 2010 Annual Accounting/Taxation Checklist.

Once we have accessed your records, ACC will advise you that Gilmore Brown Limited have requested to have access to your online ACC account.

We will be able to print transaction listings and check for any outstanding balances when preparing your financial statements. However, ACC invoices are not able to be accessed through this facility yet.

GST rate increase from 1 October 2010

GST will rise to 15% from 1 October 2010.

The issues identified in our April 2010 Informer need to be considered and thought given to actions required.

Further issues to consider include:

- the rules have been clarified to allow a previously agreed "GST inclusive" price to be grossed up. This only applies to contracts entered into before 1 January 2011 and will not apply where the contract specifically prohibits an increase. Businesses need to review and consider pricing decisions before 1 October and communicate these to customers
- penalties and interest arising during the transition, will be remitted if the error arises before 31 December 2010
- if a GST calculation error arises due to the transition to the 15% rate, any penalties and interest owing will be remitted if the error is made before 31 December 2010
- payments basis tax payers are required to make an adjustment in their GST return which covers 30 September 2010. In order to calculate the adjustment, a list of all debtors and creditors outstanding at 30 September 2010 is required. We will provide further information and an example in our next issue.

Inland Revenue and the Government have appointed a GST Advisory Panel to issue guidelines for businesses covering practical aspects of the transition to the new rate.

We are presenting seminars on the GST rate increase changes in Whangarei on 3 August and in Dargaville on 6 August.

Telephone or email us to secure your booking.

Qualifying Companies

In our May Informer Budget Special we advised of the proposals made to change the qualifying companies (QC's) and loss attributing qualifying companies (LAQC's) regime from 1 April 2011.

The proposed new rules require QC's and LAQC's to be treated as "flow through" entities for tax purposes, in a manner similar to limited partnerships. Income and losses will flow through to the shareholders in a QC in proportion to their shareholding.

As the impact of these anticipated changes will be significant for all QC's/LAQC's, we will be reviewing these companies and discussing the implications with our clients.

- all existing LAQC's and QC's with equal voting rights will automatically "transition" to the new QC regime unless an election is made to revoke an existing election
- from 2011 all QC's with unequal share rights will cease to be part of the QC regime and will revert to being ordinary companies for tax purposes, unless their constitution is amended to change the rights attaching to the shares
- a QC, because of incorporation under the Companies Act 1993, will still be required to comply with the provisions of that Act and the company will still provide shareholders with limited liability
- the dividend and imputation rules will not apply to QC's
- there will be restrictions on the claim made by shareholders for losses attributed to them. The claim will be limited to the extent of their investment in the QC. If losses exceed the value of the investment, excess losses may be carried forward
- a change of shareholders in a QC will create a deemed disposal of the property of the company at market value. The exiting shareholder will be required to account for their proportion of the taxable income resulting from the deemed disposal. The same applies if the company ceases to be a QC – there is a deemed disposal of all property at market value.

Livestock draws

Congratulations to the winners of our March and May draws:

March McGraths Stock and Poultry Limited
May H F Verberne

Wage deduction not permitted

An employment agreement may provide that the employer can deduct wages on termination for the employee's failure to give the agreed period of notice. In a case where an employee had signed the agreement, but the employer did not give the employee a copy of the agreement the Employment Relations Authority ruled the employer had failed to warn the employee about the notice period when he resigned, therefore the employee had made a genuine mistake and could not be held responsible for it.

This ruling reiterates the importance of giving an employee a copy of the signed employment agreement between the parties for their reference.

Warning over IRD hoax email

Inland Revenue is warning clients not to respond to a hoax email claiming to offer the recipient a tax refund. IRD will never ask you to forward any personal information by email, and you should always be very careful about giving out your details or IRD number.

Suspicious emails targeting Inland Revenue customers should be reported to phishing@ird.govt.nz

Referrals

We value the client relationships we share with our clients and believe a lasting business relationship is built on friendship. We are a growing firm and do appreciate your referrals. We consider it a compliment when you recommend us to your friends and business contacts.

Our people

Directors

Ean Brown

Chantal Gilmore

Managers

Angeline Waetford

Gayle Anderson

Barbara Collinson

Greg Atkins

Bryan Taylor

Phillipa Taylor

Danny Douglas

Sally Adams

Daryl Small

Sylvia Atkins

Dianne Campbell