

Newsletter

December 2011

Our newsletters are intended to be used as a timely reminder of matters that may affect your business. It is not our intention to provide comprehensive advice, merely to highlight relevant issues. Call us to discuss any issues that affect you.

SILLY SEASON AGAIN!!

Welcome to the December 2011 edition of the Blackburne Group newsletter.

We take this opportunity to thank you all for your continued support this year and we look forward to working with you again in 2012.

We wish you all a safe and happy holiday season.



As always, we welcome your feedback.

Kind regards

Blackburne Group

CHRISTMAS HOLIDAY HOURS

Our office will be closed between the following dates:

Last work day in 2011: December 23rd (until 2pm)

First work day in 2012: January 12th (at 8.30am)

For any urgent matters during this time please phone and leave a message on our mobiles and we will endeavour to assist you as soon as we are able to.

Mark Blackburne 021 288 6662

Sonya Elmiger 0273 730 910

TAUPO TRACK DAY

In conjunction with our specialist taxation advisers, Covisory Partners Ltd, we are running a high octane Track Day at the Taupo Motorsport Park on Friday 30th March 2012.

This is your chance to drive your own car around the Taupo Track in a controlled environment without worrying about demerit points and donations to the NZ Government.

If you would like to take part please send an email to Emma: emma@blackburnegroup.co.nz or phone (0508) 376 0092. We will add you to our list and send through further information closer to the date. You don't have to commit at this stage – just register your interest.

Please note that it is a Track Day, not a race day.

What you will need to provide is your own car, a helmet, closed footwear and jeans or similar. We will provide food and drink and some basic instruction. Alternatively we will also have some experienced Racing drivers and cars if you wish to sit in a passenger's seat for a couple of laps and experience the track at race car speed.

This day will be held rain (makes it really exciting!) or shine from 9.30am to 4pm. Please join us, if not to drive at least to enjoy the occasion/entertainment.

TALK TO US ABOUT SHAREHOLDING CHANGES

We have recently experienced situations where clients have made shareholding changes in their companies by going online to the Companies Office website andBob's your Uncle, shareholding changes updated!

Actually, it wasn't such a smart idea as it turns out. Changing shareholding in your company without talking to us first can have far reaching tax consequences.

- Continuity of losses carried forward can be affected.
- Imputation tax credits can be lost forever.
- Under the new Look Through Company regime the flow of losses will be affected.

Moral of the story? Talk to us when you are contemplating share changes. Even better, get us to be your Registered Office (we are for most of our clients). We file your annual return for you, and make sure you comply with all of your statutory records requirements under the Companies Act.

RESIDENTIAL CARE SUBSIDIES AND ABOLITION OF GIFT DUTY

There has been a great deal of crystal ball gazing about the abolition of gift duty and the affect it may have on a person's entitlement to residential care subsidies in the future.

If a person requires residential care they are subject to means assessment to determine their entitlement to a subsidy. The assessment looks at the assets and income the person has available to meet the cost of their care.

Assessing eligibility for a subsidy will be based on:

- Any gifts made in the 5 years prior to the date of means assessment, which exceed \$27,000.
- Any gifts made in the 5 years prior to the means assessment that exceed \$6,000.
- Any property sold for nil consideration or less than market value consideration.
- Not exercising any right or entitlement to repayments.
- Not exercising your right to payments
- Investment in non-income earning assets.

Those persons who do not want their gifting to affect their entitlement to residential care subsidies should continue with their existing annual gifting programmes making sure that they keep within the limits.

This will require a couple to gift only \$13,500 each per annum where they may have previously been gifting \$27,000 each. However, for rest home subsidy purposes, couples are assessed jointly so the \$27,000 limit applies to the couple, not each individual.

Disclaimer

The information contained in this newsletter is of a general nature and does not purport nor is intended to be advice on any particular matter. It is recommended that before acting upon this information, professional advice is sought. Blackburne Group expressly disclaims all and any liability to any person, whether a client of Blackburne Group or not, who acts or fails to act as a consequence of reliance upon the whole or any part of this circular.

For those whom asset protection is more important than potential subsidies (the preceding are just the current rules, subject to change) then one off gifting can now be undertaken and may be the best planning measure. There are however some issues still to consider and you should discuss with us.

REMINDERS

Tax payment and return filing due dates coming up:

15th January 2012 – GST return and payment due for periods ended November 2011.

15th January 2012 – Second instalment of 2012 Provisional Tax due for clients with March balance date.

20th January 2012 – Employer deductions (IR345) form and payment due and Employer Monthly Schedule (IR348) due for the period ended December 2011.

28th January 2012 - GST return and payment due for periods ended December 2011.

IRD PENALTIES AND INTEREST

IRD late payment penalties and interest are a harsh reality and one that we suggest you avoid at all times.

Late payment penalties are applied in two stages: i) an initial 1% charged on the day after the due date, and ii) a further 4% charged at the end of the 7th day from the due date.

Every month the amount owing remains unpaid a further 1% incremental penalty will be added, PLUS Use of Money Interest is charged at a current rate of 8.89%.

For example; late payment of a \$20,000 tax liability could result in penalties and interest totaling \$5,855 over the course of a year.

We can help you reduce these costs. If you are unable to meet your commitments on time contact us today to discuss options available to reduce/eliminate such charges.

FROM THE JOKE FILES.....

You do not need a parachute to sky dive. You only need a parachute to sky dive twice.

“Should you wish to discuss any of the subjects raised in further detail, please contact our office. If you have any comments on the newsletter, we would appreciate your feedback.”
