

Update

Local News, Views & Updates from PKF Francis Aickin Limited

PKF

Accountants &
Business Advisers

Summer 2009

Tax Rate Changes

Most of our readers will have only heard about tax rate changes as a 2008 political football.

The good news is that they really did happen and most of you will have benefited in one way or another.

The bad news was for us. This is due to the fact that the rates changed half way through the 08/09 tax year which made the job of maximising your tax savings more complicated. The rates are:

Old Rates		1 Apr 09 – 31 Mar 10	
\$0 - \$14,000	12.5%	\$0 - \$14,000	12.5%
\$14,000 - \$40,000	21%	\$14,000 - \$48,000	21%
\$40,001 - \$70,000	33%	\$48,001 - \$70,000	33%
\$70,000 +	39%	\$70,000+	38%

As you can see a further \$8,000 can be earned before the imposition of the 33% tax rate (a saving of \$960/yr in tax). And the top rate has dropped from 39 to 38% for those earning \$70,000 or above.

The trusts and estate tax rate remains at 33% while companies rates dropped from 33% to 30% effective 1 April 2008.

Shareholder Employees

There are new rules which can detrimentally effect shareholder employees who take wages on a regular basis, and deduct PAYE from the wage.

Please see us if you do this.

NZICA Tax Recommendations to Government

The NZ Institute of Chartered Accountants have proposed a simplified tax structure for small businesses with turnover of less than \$1.2 million per year.

- A merger of the sole trader and company/partnerships entities for tax purposes, thus removing the transactions between the business earning entity and its owners
- The owners pay tax on the basis of the personal tax rates (starting at 12.5 percent, up to 38 percent)
- Income tax will be calculated and paid two monthly on a simplified cash basis on the GST return
- No end of year balance date and square up issues
- Trading stock (except for livestock) purchases are deducted on a cash basis – no need for stock takes for tax purposes.
- No provisional tax, no fringe benefit tax and no entertainment tax
- Simplified rules for depreciation

You will appreciate that at this stage these are only recommendations and it may be some time before they are enacted, if at all.



What can PKF Francis Aickin do for you?

Specifically we can help with:

Planning & Advice:

- Tax planning
- Asset protection and succession planning
- Trusts
- New business set-up and advice
- Assisting with loan finance
- Feasibility studies
- Business plans
- Budgeting and cashflow forecasting
- Advice on buying or selling a business
- Valuations of shares and business
- Business structures and company formation
- Matrimonial property dissolutions
- Employment incentives, contracts and redundancy
- IRD investigations and audits
- Company taxation, dividend and imputation credit issues

Computer Services:

- Supply, installation and support for accounting software packages
- Systems evaluation

Ongoing Support:

- Business management support and advice
- Monthly and periodic reporting
- Cost and management accounting
- Preparation of annual financial statements
- Tax accounting and compliance
- GST and FBT return preparation

Please note we've had a recent change to our phone system and to call Mangonui now you ring 408 9366 and our reception staff will transfer your call.

Improvements in the way we all do business

The primary roles of the Business Services side of PKFFA are:

- Tax protection
- Tax minimisation
- Business support
- Business improvement

Our primary focus is always on the application of these services to the needs of our clients. But in so doing we need to make a concerted effort not to forget to achieve continuous improvement in our own business.

Our annual strategic planning approach is always evolving and for 2009, we decided to focus on fewer, albeit important Key Performance Indicators. Whilst our turnover and profit have been sluggish, we are pleased that, in the difficult year past, most other KPIs have improved.

One strategy that did not work as well as we had hoped was the scheduling in of annual accounting work. The objective of this is to decrease the amount of time taken to turn work around, and to improve accounting efficiency. We'll continue to focus on these objectives with the intention of providing better client service. We will also keep you informed, in this newsletter, of new initiatives in improving the way we work.

Team News

We are pleased to welcome Stewart and Sarah Russell who have joined us from the UK.

Stewart and Sarah are both experienced accountants. Stewart was previously a partner with Horwath Clark Whitehill in Cheltenham, and joins PKFFA as an Audit and Practice Development Manager, whilst Sarah, who was an audit technical manager, is primarily occupied at home with two lively preschool daughters.



We have two other new team members who have joined us recently.

Natalie McKibbin started in August as an accounting technician after moving north from Auckland with her husband Rob. Natalie is half way through her BAcc (Massey) and aims to complete her degree by the end of 2011.

Kayla Travers is our new trainee audit & accounting technician. Kayla has been previously studying at Auckland University and will commence a BAcc with Massey in 2010.

Congratulations

This year we were proud to celebrate the achievements of two of our team – Maria Morunga achieved her Bachelor of Business Studies in Accountancy (with honours) through Massey University and Lyn Froggatt achieved her ACA College NZICA.

And congratulations also to team members who completed the Wahine Tryathlon recently (Tiri, Maria & Debbie), and the Kerikeri Half Marathon (Eddie, Maria and Tiri).



Client News

Forestry contractors

PKFFA have built up a strong client portfolio of forestry contractors. These guys are fun to work with: they invest big in their equipment, and the high demands on safety and efficiency mean that they have to run smart businesses. Contrary to what that TV3 programme Ax Men on logging in the USA would suggest, in New Zealand, there is little room for cowboys in this industry.

The Henderson Group

One of our forestry contractors, the Henderson Group, owned by Dan, Les, Viv, and Shez Henderson are becoming visible to the public with their adoption of a corporate colour scheme for their large red trucks! They can be seen plying the highways carting logs, and very heavy equipment about the North.

Sobieski Contractors

Another forestry contractor client, Glen Subritzky of Sobieski Contractors, recently made a big splash for the Far North at the 2009 FITEC (Forestry Industry Training & Education) Awards. Glen was awarded Training Company of the year, and employee Anthony Murray was awarded Forestry Trainee of the Year. Congratulations guys!

Other forestry contractors we work with are:

Pae & Christine Clark
Herb & Lyn Adams
Ernest & Carolyn Morton
Willie Clark & Bronwyn Subritzky-Clark
Anthony & Neica Sullivan
Neville Jecenth