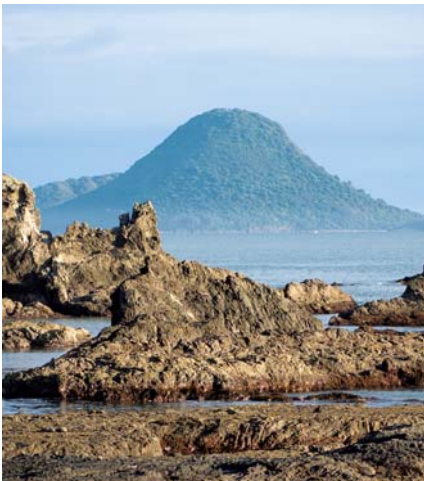




In this month's issue

Start planning now for your own business success	Page 1
BankLink is now on the Quay website	2
Tax changes that may effect you	2
Bank accounts and ownership	2
ACC update	3
Team profile - Kath Dorrans	3
The Emissions Trading Scheme	4
Upcoming changes for Trusts and Gifting	4
Team profile - Don Pilbrow	4
Client profile - Pacific Coast Motor Lodge recognised in AA Awards	5
Team news	5
"Meet the Team" invitation	5
Be aware of your security position	5
More office talk from Quay	6
Difficult conversations at work	6



# Spring - a time of change

Welcome to the Spring Edition - the winter months have been some of the wettest on record in Whakatane since 1975.

The wet weather has provided an opportunity for us to stay inside and "work on our business". This has enabled us as a business to commence a refocus on our planning, our

structure, our resources and how we can better respond to client needs.

Have you "worked on your business" this year? If you have congratulations, if you haven't stop and do something now - without the pain there is no gain.

We are delighted to announce the appointment of Kath Dorrans as an Associate. Congratulations Kath.

Here's to spring and the fresh opportunities it offers

*Mark Barry LES*



# Start planning now for your own business success

Success is about planning and we want to help you achieve success.

- Do you have a current business plan?
- Have you set realistic and measurable goals?
- Do you have clear strategies to achieve your goals?
- Do you regularly review your goals as circumstances change?

Quay provides a *Business Planning Session* to review past performance and clarify future direction. In the session you will set solid and realistic business goals and define strategies for achievement. At the end of the session you will have a one page business plan which will act as a guide to ensure that you are on course for success.

Steve Cory from Eastern Truck Repairs recently undertook this process with

Kath and below is his feedback.

*"Prior to the Business Planning Session I struggled with tracking my spending and budgeting. The Business Planning Session was valuable in that it helped me understand my business more, and gave confirmation and advice around some of the ideas I had for the future of my business. As a result I now have set KPIs (Key Performance Indicators) /Goals/budgets, and have systems and procedures in place to measure and track performance. Now I can see if I am meeting my KPIs and if they are not achieved I am able to see which areas there has been a shortfall in. Having a Business Planning Session is a must for all businesses to achieve their full potential in today's business world."*

Please contact your Client Manager if you are interested in finding out more about a Business Planning Session.



## BankLink is now on the Quay website

We have added a BankLink page on our website that allows you to download updates to BankLink Notes and BankLink Books .

For those of you not familiar with BankLink, it is a system that collects your electronic bank statement information and delivers it directly to your accountant. Quay strongly recommends BankLink to those clients not using any accounting software programs, as it is a great product. Easy to use and a stress free way to have your data continually updated. To find out more about BankLink visit the demo on our website [www.quayaccountants.co.nz/resources/banklink](http://www.quayaccountants.co.nz/resources/banklink) or call us.



# Tax changes that may effect you

## KIWISAVER

From 1 April 2012, all employer contributions will be subject to Employer Superannuation Contribution Tax (ESCT). This means that from 1 April 2012 an employee on the top rate of ESCT will get 67% of their employer's contributions paid to their KiwiSaver account.

Other KiwiSaver changes include the Government's contribution by way of a tax credit will be halved to \$512.50 for year ending 30 June 2012, and from 1 April 2013, the minimum level on employee and employer contribution will increase to 3%.

## WORKING FOR FAMILIES - "FAMILY INCOME CHANGES"

Currently the Working for Families tax credit currently starts to abate at the rate of 20% when income is over \$36,827. That threshold will progressively reduce to \$35,000

and the rate of abatement will increase to 25% progressively over the next four inflation adjustments. The next inflation adjustment will be on 1 April 2012, and the next three are anticipated at two-yearly intervals. An inflation adjustment is made when the CPI inflation cumulatively reaches 5% or more.

## STUDENT LOAN SCHEME CHANGES

The "repayment" holiday for borrowers based overseas will be cut from three years to one year. Borrowers will have to apply for a repayment holiday and nominate a local contact person before going overseas.

## FBT RATE FOR LOW INTEREST LOANS FALLS

As from 1 April 2011, the rate of interest used to calculate fringe benefit tax on low interest, employment related loans reduced to 5.90%, down from the previous rate of 6.24%.

# Bank accounts and ownership

When you have been gifted a sum of money, received a legacy or made a significant financial gift to someone it becomes separate property on the date it is received and no taxes are generally due on it. What happens to it after that is what can turn it into joint property and/or attract tax, usually in the form of gift duty.

Accounts are often held in the joint names of married couples, civil union or de facto partners. Which of them actually 'owns' the account may become an important issue if they separate, or if the Inland Revenue Department undertakes an audit to assess income tax or gift duty liability.

## ASSET OWNERSHIP

There are two types of ownership of any asset: legal and beneficial.

## TAX ISSUES

There are also potential tax consequences that flow from the different

ownership structures of bank accounts.

Gift duty, for example, may apply if there is a transfer of the beneficial ownership of money between a couple following the payment of a large sum into a joint account. Gift duty increases on a graduating scale from nil for gifts by each person which total under \$27,000 per 365 days, to a hefty 25% on gifts which total over \$72,000. Gift Duty may be avoided in some cases by the use of a relationship property agreement under s21 of the Property (Relationships) Act 1976.

In conclusion, we recommend you obtain advice on the management of any lump sum you might want to treat as your own at some point. Preferably, seek that professional advice before receiving the money, rather than after putting it into a joint account, and definitely before using it to pay off the mortgage on joint property.

Source: *FinePrint Issue 51*

# ACC update

## EXPERIENCE RATING

You may see a change in your ACC levy invoice this year, as on 1 April 2011 ACC introduced experience ratings. This system adjusts business and self-employed people's ACC work levies based on their claims history. The invoices page on the ACC website [www.acc.co.nz](http://www.acc.co.nz) has further information about experience rating and the changes to ACC Work Levy invoices. There is a link to this site from our website [www.quayaccountants.co.nz/resources/internet\\_links](http://www.quayaccountants.co.nz/resources/internet_links)

## TWO INVOICES FROM ACC?

ACC levies are normally paid in advance, but in your first year of self-employment you will not receive an invoice until after you file your first IR3 tax return with Inland Revenue. ACC are not able to invoice you until after they receive your details from Inland Revenue, so you may initially receive two ACC invoices:

- One invoice for last year's levies (in arrears), for your first year or part year in self-employment.
- One invoice for next year's levies (in advance), for your second year in self-employment.

After your first year you should typically only receive one invoice each year.

## QUAY ACC REVIEW AND ADMINISTRATION SERVICE

Quay have built a strong relationship with ACC and have a proficient team here who can quickly manage your ACC matters to ensure compliance and that you are covered appropriately. We have found that some business owners are inadequately covered or are paying too much due to coding and classification errors. Our service is made up of two parts; an initial ACC review, then on-going administration of your ACC requirements.

Already many of our clients have benefited from an ACC review.

*"Prior to our ACC review we found managing our ACC cover a very complex task. However as result of our review, Quay changed our classification codes saving us over a thousand dollars a year in levy costs. In addition to this, because of Quay's level of relationship with ACC they also managed to get us a significant refund for the previous years overpayments as well. The investment in an ACC review has not only saved us money but has ensured we are covered correctly as per our requirement."*

Emilion Ltd

Please contact your Client Manager should you be interested in an ACC review.



## TEAM PROFILE



Kath Dorrans

## Associate appointment

Kath Dorrans has been appointed an Associate of Quay. Kath is a qualified accountant holding an "ACA" Associate Chartered Accountant designation with the New Zealand Institute of Chartered Accountants, and has worked at Quay for the past 9 years. Kath works closely with clients on a broad range of assignments but particularly enjoys working with clients on performance improvement, business planning and implementation, HR strategies and periodic reporting. Kath acts in senior advisory positions for a number of client businesses. Once again - congratulations Kath.



# The Emissions Trading Scheme

## Exemptions for pre-1990 forest land under 50 hectares

If you are a landowner who owned less than 50 hectares of pre-1990 forest land as at 1 September 2007, then you have two choices in regard to the Emissions Trading Scheme:

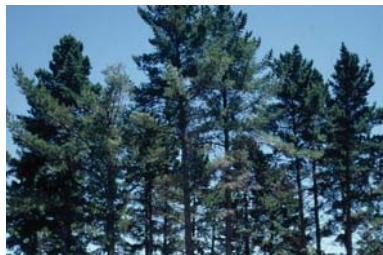
1. Apply for an exemption from the Scheme
2. Do nothing and it will automatically become a participant of the Scheme. This means that the parcel of land will be permanently 'locked in' to forestry unless you are willing to pay the costs of deforesting (i.e. surrendering the units or paying a fee to the government). We advise landowners to carefully consider the implications of becoming a participant to the Scheme.

The deadline for applying for an exemption from the Scheme is 30 September 2011.

### MORE THAN 50 HECTARES OF PRE-1990 FOREST LAND

If the size of your pre-1990 forest land is 50 hectares or more then you will automatically become part of the Scheme. In this case our best advice is to apply for a free allocation of New Zealand units. These units are given as compensation for the liability now attached to the forests.

The deadline for applying for a free allocation of units is 30 November 2011.



### TEAM PROFILE



Don Pilbrow

## Don Pilbrow

Don has recently joined our Tauranga team as a Trust Consultant. He brings a wealth of experience he has gained as a Partner at KPMG and its predecessor Granger, Craig, Tunnicliffe and Co. Don has a special interest in Trusts and will work with you to ensure your assets are protected with optimal tax structures. Throughout his life Don has been heavily involved in the Tauranga community. Now he continues to act as Trustee for several charitable trusts and is a member of a Tauranga Rotary Club. Don is married to Sezi (Sezinnia) and has two daughters, two sons and is a proud Grandad.

# Upcoming changes for Trusts and Gifting

The Government review of the Trustee Act continues with many submissions in support and recommending alternative approaches.

We expect that new draft legislation will be released over the next six months or so and a clearer picture should become available to determine impacts on existing arrangements.

In the meantime, if you have gifting programs in place, or are considering

the transfer of assets into a trust, the new gifting rules come into effect on 1 October 2011.

Benefits at this stage appear to include the ability to gift assets and forgive 100% of the debt immediately **however** existing clawback provisions will probably remain in place.

To find out more please ring us to arrange a meeting to explore options.





## Pacific Coast Motor Lodge recognised in AA Awards

Congratulations to Jason and Rhonda Good from Whakatane's Pacific Coast Motor Lodge. They were one of the three finalists in the 2011 AA Supreme Host of the Year Award. The annual awards are run by the Automobile Association and Motel Association of New Zealand, and the finalists are selected based upon thousands of nominations and customer comments. Rhonda and Jason took over the operation of the Motor Lodge in

August 2008, and the award is great recognition of the hard work they have put into ensuring their clients receive great hospitality while in Whakatane. Rhonda and Jason are expanding their accommodation business with a new motel called "The Landing", which is scheduled to open round Christmas time. The Landing is located just next to The Pacific Coast Motor Lodge and construction is already well underway.

## Team news

The past few months have seen a number of changes to our team.

### TAURANGA

**Jolene Scott** - *Client Manager*. Jolene is an experienced Chartered Accountant with significant experience with retail, manufacturing, farming, orchards and education clients.

**Judith Russell** - *Client Manager*. Judith is an experienced accountant and is looking forward to working closely with clients in the Tauranga area.

**Don Pilbrow** - *Consultant*. Don is a Tauranga lad with some 40 years experience in the CA environment with clients spread throughout New Zealand (see profile on page 4).

**Vickie Clarke** - *Client Manager*. Vickie has transferred from Whakatane however continues to work with clients for both our Whakatane and Tauranga offices.

### WHAKATANE

**Aimee Nottingham & Kalena Herewini**

have both joined us as Client Services Assistants.

**Linda Camp** - *Assistant Accountant*. Linda is a qualified accountant with commercial experience particularly in arboriculture.

**Daphne Collicott**. Daphne retired from the Team in June after 8 years service, generally working the winter months particularly with farming clients and having the summer months "In the sun" on her lifestyle block. We wish Daphne and Andrew the very best in their retirement.

**Trish Coatham**. Sadly Trish passed away in June. She was a significant contributor to our business and had recently transferred to our Tauranga office to support daughters Julie and Jenny who attend Tauranga Girls College. Our thoughts and considerations have been with John, Julie and Jenny.

*"A friend has passed but many happy memories remain".*

Trish will be missed by colleagues, friends and clients.

## "Meet the Team" invitation

On September 27th we will be having a "Meet the Team" evening in our Whakatane Office to say thanks for being part of Quay and to update you on relevant tax and business issues. So please mark the date in your diary.

This will be followed by a similar event in our Tauranga office on October 11th.

Invites will be sent shortly. Please let us know if you will be attending so we can cater accordingly.



## Be aware of your security position

Have you ever signed Personal Guarantees or Cross Guarantees, or other securities? Consider reviewing your exposures, as we often find that circumstances change and just when you don't need it, one of these uglies hits you head on - talk to us about a security review as part of your ongoing risk management plans.

## More office talk from Quay

**Jason Lougher.** This year Jason has been working towards passing the final stage for him to become a "CA". Having done 4 years at varsity, three years practical experience and the 1st stage of the final exams eighteen months ago, the current year involves home based study and group workshops in Tauranga, February through August, plus a six hour exam in October – good Luck Jason! And you thought becoming a Chartered Accountant was easy???

**Raina Hiki.** Raina has completed her NZ Diploma in Business, and a Diploma in Accounting while working full time, moving houses and family responsibilities – well done Raina!

**Papers passed.** Congratulations to Rosie, Danielle, Gina, Cushla and Jenny who have all passed papers towards future qualifications during the last few months.

**Intrepid travellers - watch out Marcus Lush!** In April Rae sussed out Vietnam and Vietnam survived! (Rae highly recommends Vietnam as a holiday destination) and Donna checked out Bali with her family celebrating a "special birthday", Mark and Mia with the boys explored the UK and Vietnam – the rest of us just kept on working!

**Winter fitness.** Mo decided we were too sedentary over the winter months and developed a "Fitness Club" – four teams trying to progressively increase their activity levels – while some forgot, some lost their pedo-

meters, we all very much enjoyed the higher levels of activity – Raina, Nicole, Cathy, Kath, Rosie, Mia and Jo were "The winners" and boy have the rest of us heard about it!! Thank you Mo.



**Fishing.** Who says Kayak beats boat fishing! This small boat fish was caught off Ohope without the boat being towed offshore. While snapper of this size are usually put back this "goodie" had to come home with the tackle in its stomach and bent the net weighing in at 7.5 kgs! Well done Barry.

**Team Leaders.** Cathy de Farias, Jason Lougher and Kath Dorrans have been appointed Team Leaders in changes made to how we can better support each other and meet client expectations. Each Leader is responsible for a team comprising Client Managers, Assistant Accountants and Client Services Assistants. Congratulations Cathy, Jason and Kath.

## Difficult conversations at work

When the outcome of a conversation is in doubt, don't do it by email. And show up in person if you can. The synchronicity of face to face conversation gives you the chance to change your tone in midstream. Ask questions. A great question is usually

better than a good answer.

And don't forget - the value of a long pause is difficult to overstate.

- *Seth Godin author of highly recommended book Purple Cow - Transform Your Business by Being Remarkable.*

## The Quay Accountants team

Aimee Nottingham  
Ali Holmes  
Barry Morgan  
Cathy de Farias  
Charlene Purcell  
Cushla Richardson  
Danielle Munro  
Don Pilbrow  
Donna Turner  
Evelyn Goile  
Gina Webster  
Jason Lougher  
Jeanette Mindham  
Jenny Rapana  
Jo Galloway  
Jolene Scott  
Judith Russell  
Kalena Herewini  
Kath Dorrans  
Leon Alison  
Lesley Patchell  
Linda Camp  
Mark Jenkins  
Moana Cassidy  
Nicole Ludlow  
Rae Tee  
Raina Hiki  
Rosie Laurenson  
Vickie Clarke



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