

**WBB Newsletter - November 2010**

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## WBB Update!

Hi All, well it's our last newsletter for the year and if you are anything like us right now, you are focusing on getting a pile of work finalised and out the door before shut down and counting down the last few weeks of this year until Christmas. We are all looking forward to a warm and sunny summer break and heading away to our holiday destinations both at home and abroad, and firing up that barbeque!

WBB have had a challenging and positive year this year which has involved many changes to our internal systems and processes in an effort to improve our efficiencies and service to our clients. There have also been some changes for you, our clients. The most noticeable change for you this year has been the introduction of our Quoting/Fee Agreement regime, agreeing a fee with you before we commence your work. We hope you have found this beneficial. The most noticeable change for WBB has been the employment of 3 new people. Nicola, Pam and Fuki joined our team this year as Client Service Administrators to assist our accountants with their compliance and administration workload. We are looking forward to 2011 when they will be fully trained in all areas and ready to hit the ground running!

What's ahead for us? Over the last few weeks we have been working on our own Strategic Roadmap with a company called Management Toolbox Ltd, in order to get clarity on our Purpose, Vision and Values. It has been an enlightening process and has involved everyone here at WBB. We are nearly finished and from this Roadmap will come a raft of projects to get us to where we want to be. Something really exciting to continue with in 2011.

Well that's enough from us. We wish you all a very merry Christmas and if we don't speak with you again before Christmas, please have a safe and happy one and we look forward to dealing with you again next year.

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## Death of the LAQC

In the May 2010 budget, the Government signalled significant changes in relation to the Qualifying Company (QC) regime. Draft legislation for the proposed changes has now been issued. An overview of the proposed changes are as follows:

- Existing QC's and Loss Attributing QC's (LAQCs) will be allowed to use the current QC rules but without the ability of LAQC's to attribute company losses to its shareholders in proportion of shareholding.



- A new Look Through Company (LTC) regime will be introduced to replace the QC regime. A LTC will be a transparent company for income tax, so that company profits will be taxed at the shareholders personal tax rates. LTC losses can also be utilised by shareholders subject to certain limitations such as their equity in the company. For other purposes such as GST, the company continues to be recognised.
- Existing QC's and LAQC's may transition into a partnership, limited partnership, sole trader or LTC at no disadvantage/cost within a certain timeframe during their first income year on or after 1 April 2011.

As you can see from the above overview, the proposed new rules are going to be very different to the current QC regime as we know it and there will not be a one size fits all solution for our clients. We propose to review each client affected by the above changes on a case by case basis once the final legislation has been released. Until then, if you have any queries on the above, please feel free to contact us.

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### **Trusts – Gift Duty to be Abolished**

The Government has announced an intention to abolish Gift Duty. Legislation will be introduced to Parliament this month and would take effect on October 1 next year. We will keep you posted on developments and what this could mean for you.

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### **GST rate change impact of GST on FBT**

If you're registered for both GST and FBT you may have to make an adjustment for GST in your FBT returns for any fringe benefits you've provided.

For example, a company might provide an employee with a motor vehicle for private use. This benefit is subject to FBT and is a supply for GST purposes. If you feel this is you and would like some assistance, please don't hesitate to give Josie Taylor a call on ph: 486-5861.

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### **Do you have a Current Computer and Communications Policy?**

Do you have a computer and communications policy? If you do, has it been reviewed in the last 2 years?

What's the problem? Consider some examples of recent cases in relation to social networking sites:

- Australia - hair dresser made disparaging remarks about employer on Facebook.
- NZ - employee abused employee on a co-employee's Facebook page, after hours.
- NZ - employee ran two publicly accessible Facebook pages abusing their employer and co-employees.

Some employers are now actively using social networking sites to promote business and to show that they really are cool - no dinosaurs here. Whilst social networking sites can be used to promote business, and can allow employers to obtain information about prospective and existing employees, more and more cases (like the examples above) are coming to the surface of the use of such sites by employees to cause damage or embarrassment to employers or fellow employees. In some cases, employees have been lawfully dismissed for comments posted through sites like these. In others, dismissal has been held not to be justified.



Even good employees seem to consider that it is their right to hop on to the net whenever they can get the chance. On top of that, younger generations in particular seem to regard the existence of the net as a licence to do anything - forget about any notion of responsibility. There are issues of time wasting (which can be huge, both in relation to computers and phones, including employee's own cell phones during work hours), breach of confidentiality, defamation, breach of privacy, disparagement of the employer and fellow colleagues, failure to follow anti virus protection measures with possible consequences not only for the employer but also anyone with whom the employee has communicated by computer - the list goes on.

Any employer that relies on employees using computers (or telephones) is asking for trouble if they don't have a decent communications policy. Steve Dukeson of Dukesons Business Law can assist if you would like to have a communications policy prepared or reviewed. Contact Steve on 379-4556.

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### **Important Dates - GST, Provisional Tax, PAYE**

**GST** – The GST return for the period 1.10.10 to 30.11.10 is due for payment on 17 January 2011.

**Provisional Tax** - the 2<sup>nd</sup> instalment of Provisional Tax for the 2011 tax year for most clients will be due 17 January 2011. For those clients that are GST registered, you will pay your Provisional Tax at the same time as you pay your November 2010 GST, on the single GST and Provisional Tax Return (GST103) which is due 17 January 2011.

We will contact you before Christmas to confirm the amount of tax you have payable. If you have any questions, please give us a call before we close on Thursday the 23<sup>rd</sup> of December.

**PAYE** – for those employers who make PAYE payments twice a month, the payment that would ordinarily be due on the 5<sup>th</sup> of January 2011 will now be due on the 17<sup>th</sup> of January 2011. PAYE returns and payments ordinarily due on the 20<sup>th</sup> of January 2011 remain unchanged.

If you want to be organised and know what the important dates are coming up, then have a look in our website under "Tools & Resources" and click on "Key Dates", all important dates are there for any month.

Just a reminder to please give us a call at any time if you have queries arising from the increase in GST from 12.5% to 15%. There may still be things you need assistance with. Don't hesitate to call.

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### **WBB Website**

If you haven't already, please visit the WBB website where we have a "Secure Area" for clients to use. You can use this area to safely and securely send datafiles or any kind of document to us rather than using email. Once you have registered for a secure area we set you up with a password which gives you access to information specific to you. You will find copies of signed Annual Accounts, Engagement Letters, Fee Agreements, Tax Plans, Budgets etc specific to you. Once you have requested a Login we will contact you and provide you with everything you need to know about how to use the Secure Area. Some of our clients have used their secure area to store a copy of their latest software datafile while they have gone overseas or on holiday so that there is a copy of the file off site. Please give Joanne Mason, our website administrator a call to discuss further on 09 486-7020.



## **WBB Christmas Closing Dates**

WBB will be closed for the Christmas period from 5.30pm on Thursday 23rd December 2010. We will be reopening on Monday 17<sup>th</sup> January 2011.

Have a great Christmas!!

***Regards***

***Phil, Lewis, Brett, Josie and the Team***

