



BRG NEWS

Welcome to the Third issue of the BRG News for 2010. We hope you enjoy some of the interesting and informative topics in this month's newsletter. If you would like to receive this newsletter by email, contact us by email on support@busres.co.nz

LAQC's/QC's

A big part of the recent budget was the proposal to change the way in which Loss Attributing Qualifying Company's are taxed. On budget night there wasn't a lot of detail released and it's not until you start looking through the government's "suggestions" that we see that there quite a few implications from this proposed new legislation. Highlights are:

- Losses will still be able to be used by shareholders as they have been in the past – however profits must also be treated the same way – i.e. taxed in the proportion to the shareholding.
- Losses will be limited to the shareholders investment in the company – so if for example you have invested \$20,000 in the company but you generate a loss of \$30,000 you will only be able to claim a deduction for \$20,000.
- A shareholder of a LAQC will only be able to receive a shareholders salary if the salary is paid as part of the PAYE system.
- If a LAQC ceases to be a LAQC and becomes a normal company the assets and trading stock must be sold at market value. This means that tax liabilities may occur – either from depreciation recovered or from the sale of trading stock (especially livestock).

While there will no doubt still be a place for LAQC's the playing field has changed substantially. This means that we will need to review any company that has elected into this regime and consider whether we want the company to continue being a LAQC or whether we need to elect out of the regime.

The above suggestions are all still proposals at the moment and are open to public consultation. We will of course be watching what happens and if the proposals do become law we will be looking at all companies that are affected prior to the changeover date of 1 April 2011.

In the meantime if you would like to discuss the above and how it will impact on your own situation please do give us a call.

Depreciation

One of the other major announcements in the budget was around depreciation.

Up until budget night you were able to claim a higher rate of depreciation if you bought a new asset as opposed to a second hand asset. This 20% loading has now been abolished and we must now use the standard rate.

Also for any buildings that are expected to last longer than 50 years the depreciation rate must be set to zero for income years starting on 1 April 2011.

As we go through and prepare your 2010 Financial Statements we will discuss this with you and demonstrate the impact this will have on your tax payments. While the full effect of this regime will not be felt for a few years we will be able to help you calculate the impact on your own situation quite some time before it comes into effect.

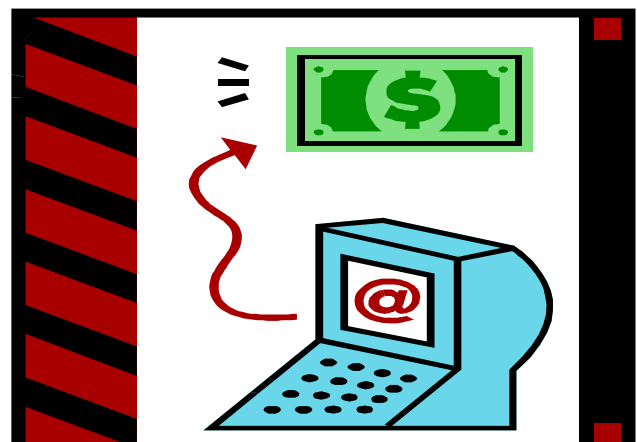
Tax obligations for online trading

You are generally regarded as being in business if you buy goods for the express purpose of selling them to make a profit.

If you are an online trader then your tax obligations are the same as if you sold your goods from a shop. If you're in business and use the internet as a primary or secondary sales outlet, then you are required to ensure all sales are returned as income for taxation purposes.

You are also required to register for GST if your turnover is over \$60,000 per annum and submit regular GST returns.

If you are just having a clean out of personal possessions, then generally there are no tax obligations.



Security Software – peace of mind

The integrity of your business data is paramount. With viruses and other security threats on the rise, up to date Anti-virus and Security Software provides protection so you have the peace of mind of knowing your data is safe.

Some general tips for computer security:

- Install anti-virus software, update it regularly, and scan your PC regularly. New viruses come out every single day; an anti-virus program that hasn't been updated for some time will not provide much protection against these new viruses.
- Be careful when accepting programs or files from other people, especially in email attachments from unknown contacts. Virus scan any new programs or other files before you run or open them, no matter where they come from. If any other family members use the computer, make sure they know not to open any files before you check them.
- Ensure you backup your data regularly. Some viruses and Trojan horse programs can damage or erase files on your hard drive, and a recent backup may be the only way to recover your valuable data.
- Install and run regularly Anti-spyware programs. Most Anti-virus software have this feature but if yours does not, many good versions are available to download free.
- Ensure your Firewall is turned on and configured properly.



Did you know.....

If you are Self employed or an Employer you could be eligible to receive a 10% discount for up to three years on your ACC Workplace Cover Levies

If you have any questions about Workplace Safety discounts and how to apply for them please contact us here at BRG.

Around the office

Recently BRG held their first B5 or Business after 5 at our office in Jellicoe Street. A good turn out of local business gained an insight into the workings of a professional accountant's office. After a presentation from Trudi and Ash on our journey from humble beginnings to present day, the attendees had a chance to network and view a light hearted short film on the personalities behind the names here at the office.

For those who missed the short film, it will be available to view soon on our revamped website. Stay tuned for more.

Ps – thank you to Nerissa for putting together the short film.

Important Dates

21 June (Due to 20th falling on a weekend)	PAYE	<ul style="list-style-type: none">• Employer monthly schedule (IR 348) due for small employers• Employer deductions (IR 345) form and payment due for small employers for the period 1 May to 31 May• Employer deductions (IR 345) form and payment due for large employers for the period 1 June to 15 June
21 June (Due to 20th falling on a weekend)	RWT	<ul style="list-style-type: none">• RWT Return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during May
28 June	GST	<ul style="list-style-type: none">• Return and payment due for the period ended 31 May
28 June	Provisional Tax	<ul style="list-style-type: none">• 3rd Instalment (May balance date)

Quote of the month – 'You can't do today's job with yesterday's methods and be in business tomorrow' – Jack Welch