

Sept



1 October 2008

Dear Valued Client

We trust that you and your business are doing well. The year is going by very quickly and we would like to keep you up to date with some changes.

**1. Tax Rate changes from 1 October 2008.** Personal income tax rates change 1 October 2008. If you have staff on automatic payments for wages, please review them prior to 1 October. IRD have new tax tables available or you are able to go direct to the IRD website (<http://www.ird.govt.nz/taxagents/calculators/keyword/payee/>) to calculate the changes. If you have payroll software, you should have received an upgrade by now. Or call us for assistance.

| <b>Taxable income</b>                 | <b>Tax rate from 1 October onwards</b> | <b>PAYE rate including ACC Earners Levy</b> |
|---------------------------------------|--|---|
| Income to \$14,000                    | 12.50%                                 | 13.90%                                      |
| Income between \$14,000 and \$40,000  | 21.00%                                 | 22.40%                                      |
| Income between \$40,000 and \$70,000  | 33.00%                                 | 34.40%                                      |
| Income between \$70,000 and \$102,922 | 39.00%                                 | 40.40%                                      |
| Income over \$102,922                 | 39.00%                                 | 39.00%                                      |

**2. Provisional Tax Dates.** For those of you who are registered for GST on a 6 monthly basis, your next provisional tax will now be due 28<sup>th</sup> October 2008 and the second payment will be due 7<sup>th</sup> May 2009. Payment advice slips will be sent in the beginning of October.

**3. Accounting Fees Payments.** We are offering an alternatively method of paying accounting fees using *Feesmart*. Under arrangement with Feesmart, you are able to spread out

your accounting fees over a 6 or 12 month period, if the invoice is over \$1,000. Each invoice will have the calculation printed on the bottom as an option. It is also an option for invoices already on your statement. Feesmart charge you a flat interest rate is 7.5% for 12 months and 5.45% for 6 months for the service.

4. **The end of free credit.** Our terms of trade are payment 7 days of the invoice date. As our Bank Manager reminds us, we are not a Bank or a charity. As we are chasing increasing numbers of overdue accounts, **from 1 October we will be charging interest on a monthly basis at a rate of 16.9% p.a.**, in line with the bank's overdraft interest rate. We suggest that the Feesmart option will be considerably cheaper for you.

5. **Pricing for future work.** In order to give you certainty of the cost of any project or annual accounting work being undertaken by VCG Ltd, **from 1 October we will give you the price up front for the work. One third of the cost is required as a deposit prior to commencement and the balance is due 7 days after completion of the work.** Should you require a price for a special project such as Cashflow forecasting or business valuation, please call us to discuss and we will give you the price prior to commencing the work.

We feel that it is fairer to you, the client, to be charged on the value of the services provided and not on the time taken. Time based billing directly rewards inefficiency- the longer a job takes, the more can be charged.

6. **New client referrals.** The best way to increase business is a referral from a satisfied client. Any new client you refer to us during the year you will be rewarded with **2 bottles of wine or the equivalent in your favorite non-alcoholic drink.**

It is our endeavor to continue to assist you with your business in order to see growth and to improve systems if required. Should you wish for an analysis of your business in order to see why cash flow is slow or where the money has been used, please contact us.

- And finally a quick joke or two to help you understand Accountants:

*What's the definition of an accountant?* Someone who solves a problem you didn't know you had, in a way you don't understand.

A guy in a bar leans over to the guy next to him and says, "Want to hear an accountant joke?" The guy next to him replies, "Well, before you tell that joke, you should know that I'm 6 feet tall, 200 pounds, and I'm an accountant. And the guy sitting next to me is 6'2" tall, 225 pounds, and he's an accountant. Now, do you still want to tell that joke?" The first guy says, "No, I don't want to have to explain it two times."

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