

**September 2009**

**Dear Valued Client,**

This year has whizzed passed quickly so we thought it was time for another newsletter update with the following points of note:



### **1. Market Monitoring**

A recent marketing survey shows that the following were the top **stated pain points in today's business**:

- a. Keeping up with government legislative changes
- b. Raising funds to invest in the business
- c. Knowing how to make a profit and how to grow the business
- d. Chasing up late payments
- e. Quick & Easy way to evaluate the financial performance

Other points to note were:

- a. 67% of active businesses growers see cashflow as a key pressure.
- b. Profits are strongest with early adopters of technology – 39% saw profits go up.
- c. Kiwi Businesses offer credit too easily, offering 30 day credit terms. 25% of businesses are reporting an increase in the time it takes to get paid by customers.
- d. 84% of active business builders use accountants as the key source of advise on tax matters
- e. One third of all businesses want more book-keeping & accounting support

So, if you want to focus on smarter financial management in the next 12 months, for tax or compliance issues and general advice on how to improve your business, give us a call.

### **2. Budget Summary 2009**

- Personal income tax cuts planned for 1 April 2010 and 1 April 2011 have been delayed, however the tax cuts in place for 1 April 2009 remain.
- The increase in the independent earner tax credit planned for 1 April 2010 has been cancelled.
- The Kiwisaver mortgage diversion facility closed to new applicants from 1 June 2009. It remains available to existing Kiwisaver participants.

### **3. Managing tax debt**

We all know it is a tough economic environment out there and many will be facing difficulties in complying with their tax requirements. If this sounds familiar and you are worried about meeting your obligations, please contact us as soon as possible. There are ways that you can keep your tax affairs in order and by taking early action you can minimise any interest and penalties that may apply.

#### **4. ACC levies**

Attention to all the self-employed – an alternative ACC cover is available. This is called ACC Cover Plus Extra and allows you to choose your own level of cover. Depending on average personal taxable income over the last 3 years you can choose cover between \$20,000 - \$85,000. You have the potential to save up to 50% on your personal levies, by reducing the ACC cover. If you are interested give us a call, and we can organise Brian Sheehy of Business Protection Brokers.

#### **5. Shareholders Salary**

For those shareholders and employees who receive PAYE salaries during the year, there has been a change in tax legislation. From the year ended March 2010 the shareholder and employee taxpayer can either choose to be remunerated by PAYE salary or by shareholder salary and pay provisional tax, but not both. **This may affect those of you on Kiwisaver.**

As usual we will leave you on a lighter note with a little accounting quirk.....

#### **Counting some sheep**

An accountant is having a hard time sleeping and so he decides to go to see his doctor. "Doctor, I just can't get to sleep at night," complains the man.

"Have you tried counting sheep?" inquired the doctor.

The accountant replied, "That's the problem, Doc.

I make a mistake and then spend three hours trying to find it!"

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