

Xmas Issue
December 2009

Merry Christmas from the Team at Jacal!

It has been another busy year at Johnston Associates. Thank you all for your support over the past 12 months. The team here look forward to working with you all in the 2010 year. We hope you and your families enjoy the Christmas break and that 2010 is a prosperous year for you all.

The Team
Johnston Associates

Christmas Hours

The Johnston Associates office will close on Wednesday 23rd December and reopen on Monday 18th January. For urgent matters please contact Logan Granger on: 027 283 8331

Contact Details Changed?

Please ensure you advise our office of any changes to your contact details. Please phone: 09 361 6701 or email Elisha: admin@jacal.co.nz

JACAL HOLIDAY NEWS

Johnston Associates Chartered Accountants Limited

202 Ponsonby Road, Ponsonby. PO Box 91 842, Victoria Street West, Auckland 1142
Phone 09 361 6701, Fax 09 361 6702, www.jacal.co.nz

Monthly Payment Option Now Available

We recognize that critical to the success of any business is the effective day to day management of cash flows and being able to spread the cost of expenses out over the year. With this in mind we are pleased to announce that we are now able to offer our business clients a monthly payment option as standard on our invoices. We have engaged our current provider FeeSynergy Finance for the provision of this service. We have attached an outline of the offer for your review. Please contact the partner you deal with or Rita Hockey our Credit Controller on 361-6701 to discuss the service if you think it will assist your business.

GST changes being proposed by IRD

IRD has put out an exposure draft which proposes to simplify the apportionment between business and private use of an asset. All you will have to do is claim the percentage of business use up front. If the private use percentage changes by more than 5%, an adjustment will be required. It will not matter whether the asset is primarily for business or private use. If adopted there will be no more adjustments for this back in each GST return.

Also, purchaser of assets under a deferred settlement arrangement (meaning you pay later) lasting more than a year and being worth \$225,000 or more, will only be allowed to claim GST on a payments basis even if they are registered on an invoice basis.

Sponsorship

The application of the rules for claiming a tax deduction for "sponsorship" has been tightened. You must get realistic value for the money you spend on sponsorship. For example, sponsorship of the New Zealand Festival of the Arts, for which there is only mention of the your name in its publications, is not usually going to be tax deductible. If, however, the festival happened to be a major customer of your business and there had been pressure to become a sponsor because of this, it could be possible to argue the cost is tax deductible. You need to keep good records in relation to the sponsorship to show the expenditure was necessary for deriving business income.

Transfer of KiwiSaver to Oz now a bill

Clients going to reside permanently in Australia will soon be able to take their KiwiSaver accounts with them, **including the Government contributions**. This money must be invested in a complying Australian superannuation fund. There will be no right to withdraw any retirement savings. The law is expected to be enacted in the latter part of next year. KiwiSaver will still mature at 65 as per NZ law. Australian pensions are available from 60, so long as the claimant has retired.