

New Partner at Lee & Holden



Mike Coutts

We are pleased to advise that Mike Coutts will be joining the practice as a partner from April 2011. Mike is a qualified Chartered Accountant, and has been with the team at Lee and Holden for the last two years. Prior to this, Mike has gained over fifteen years accountancy experience working in public practice and in the commercial sector. Mike is married with three children and lives in West Harbour.

Mike works closely with many small to medium business clients, providing practical advice relating to annual compliance work, tax planning, management reporting, budgets and cash flow projections, business valuations and general business consultancy.

With Mike joining the practice, our name will change to LEE HOLDEN & COUTTS CHARTERED ACCOUNTANTS LIMITED in due course. In all other respects however it will be business as usual with Murray, Gill, Mike and the team.

Year End Planning

With the end of March approaching, it is timely to consider the following items for your end of year accounts:

- 1) Debtors (money owed to you) – write off any bad debts.
- 2) Creditors (money owed by you) – include every dollar owed by you to your trade creditors.
- 3) Stock – make sure you stock take at 31 March, and write off any obsolete stock.
- 4) Fixed Assets – review your fixed assets and advise if there are any assets no longer in use that should be written off.

Please also complete the enclosed 2011 year-end information questionnaire and send it to us together with your accounting records.

LAQC Changes

On 20 December 2010, legislation was enacted to effectively remove the attribution of losses for all LAQCs (Loss Attributing Qualifying Companies), with effect from 1 April 2011.

This change is part of the Government's strategy to stop what it believes are a number of unintended tax advantages created by the LAQC regime.

Options for LAQC Clients

Very broadly, there are several options for those of you that have an LAQC. These are:

1. Become an LTC. This is a new tax entity called a Look Through Company (LTC) whereby profits and losses (with some limitations) are passed on to its shareholders. This means that profits and losses will be deducted or taxed at the shareholders marginal tax rate.
2. Remain as a QC (Qualifying Company), but without the ability to attribute losses to shareholders.
3. Exit the QC regime and effectively become a standard company.
4. Restructure the ownership to a partnership or sole trader.

Next step for your LAQC

We are currently undertaking a review of all of our LAQCs, to determine the most appropriate option for each. Once we have completed your LAQC review, we'll send you our written recommendations, or if your particular situation is more complex in nature it's likely we'll need to meet and discuss all of the implications of that transition.

Transitional rules with tax concessions have been introduced to enable us to transition LAQC's to LTC's or another entity. These rules allow us until 30 September 2012 to elect to become an LTC.

If you have any questions regarding your LAQC, or if you do not receive anything from us over the next couple of months, please contact us.

Company Tax Rate Drops

From 1 April 2011 the company tax rate will reduce from 30% to 28%.

Building Depreciation

From 1 April 2011 depreciation deductions will no longer be allowed for buildings with an estimated useful life of 50 years or more. This will include residential and most commercial buildings. There will however continue to be depreciation for residential property chattels, and also new rules to ensure the fit-out of commercial buildings continue to be depreciable.

Minimum Wage Increase

From 1 April 2011 the adult minimum wage increases from \$12.75 per hour to \$13.00 per hour. The minimum wage applies to all workers aged 16 years or older including casuals, temporary and part time workers.



"Live within our means! My God, don't say it's come to that!"

Employment Law Changes

Amendments to the Employment Relations Act have been passed and come into effect on 1 April 2011.

One point of interest relates to the 90 day trial period introduced by National in 2008 for employers with fewer than 20 staff. This is now available to all employers. The trial period must be in writing at the commencement of the contract.

While on the subject of employment contracts, we encourage clients to consider the inclusion of an employment policy relating to the impact of employees use of networking media such as Facebook, Twitter, Youtube etc. This will ensure you as the employer have strong grounds for disciplinary action should anything adverse about your business end up in the public domain.