



NEWS & VIEWS

WINTER 2008

■ ■ KAY TAKES UP A NEW ROLE

We are delighted to celebrate Kay Wood's change in lifestyle. Kay and her husband Paul welcomed their new son, Balin James Wood, on 24th January.

Balin is a healthy, happy baby and he is a frequent visitor to Shand Thomson as, after having a few months off work, Kay is now assisting with Shand Thomson administration from home.

Congratulations, Kay and Paul.



■ ■ CONGRATULATIONS SUSIE

Susie was appointed Deputy Chairperson of both the Otago and Southland District Health Boards by the Minister of Health in December 2007. She was one of two joint appointments to the Otago and Southland District Health Boards as the boards seek to increasingly collaborate in the provision of health services to the two regions.



■ ■ NEW LOOK FOR SHAND THOMSON

After over 14 years of a green and cream theme, we have adopted a 'new look' this month. You will see it in our new letterhead and on your financial statements, as well as on this newsletter. We hope that you like the fresh appearance.

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BALCLUTHA

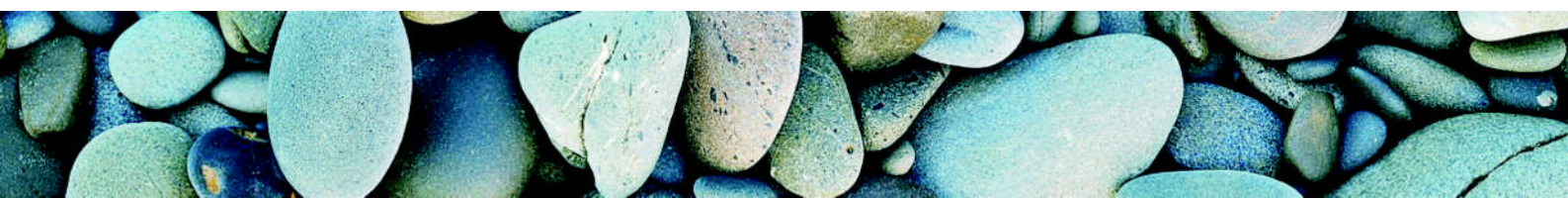
102 Clyde Street, P O Box 2, Balclutha
P 03-4180020 | F 03-4180026

DUNEDIN

7th Floor, Westpac Building
George Street, Dunedin

accountants@shandthomson.co.nz

www.shandthomson.co.nz



■ DROUGHT SEMINARS

by Bill Thomson

The Clutha Agricultural Development Board recently held two woolshed seminars on issues relating to the drought for a number of farmers. The seminars were hosted by Bruce and Margaret Stark (Wharetoa) and John and Janet Whiteside (Waiwera South) on their farms.

- Simon Glennie (Abacus Bio Ltd) outlined the impact of the drought from a stock and pasture management perspective and covered the options available to minimise the effects on the farm business.
- Jim Johnstone spoke on the Government assistance packages available. He outlined the financial considerations that farmers need to be thinking about, and the taxation strategies available to minimise the negative impacts.
- The third speaker was Irene Scurr (Adverse Events Trust) who spoke on some of the social issues that can arise from the stress caused by a drought, and their effect on farming families.

A copy of the presentations are available at the Clutha Agricultural Development Board offices, by contacting Malcolm Deverson or Graeme Pringle. If you would like to discuss the financial and taxation strategies in more detail, please call us.



It is not too late to make a voluntary tax payment for the 2008 tax year.

If you, your company or your trust is exposed to Use of Money Interest, which is currently 14.24%, you can mitigate the cost of this interest by making a voluntary tax payment. We urge our clients to give serious consideration to this. If you want to better understand how it may be beneficial to you, please contact us.

■ TAXING MATTERS

by Gaye Cowie

GST & Changes in Provisional Tax Payment Dates

- The payment dates for provisional tax have changed from the beginning of the 2009 tax year (1 April 2008 if you have a March balance date). The new dates are:

| Balance Date | 1st Instalment | 2nd Instalment | 3rd Instalment |
|--------------|----------------|----------------|----------------|
| March | 28th Aug | 15th Jan | 7th May |
| May | 28th Oct | 28th Feb | 28th Jun |
| June | 28th Nov | 28th Mar | 28th Jul |

However, if you are a sole trader, and registered for GST on a six monthly basis, you will now only pay provisional tax twice a year. For a March balance date this will be on the 28th October and 7th May, for a June balance date it will be 28th January and 28th July.

- GST return forms (for entities which pay provisional tax as well) are being updated to include a box where any provisional tax due can be included. We recommend that you leave this box **blank** and continue to pay provisional tax by attaching a cheque to the payment slip we provide.
- A new method of paying provisional tax is now available called the Ratio Option. This allows the taxpayer to pay provisional tax based on an IRD calculated ratio of GST turnover. This may suit taxpayers with seasonal cashflow.

If you have queries regarding provisional tax payment dates or would like to discuss the GST Ratio Option further, please give us a call.

GST late payment penalties

From 1 April 2008 the IRD are able to charge a penalty if your GST return is filed late (\$50 if you are on the payment basis and \$250 if you are the invoice or hybrid basis). Generally you will receive a reminder letter from the IRD before any penalty is charged and your past filing history will be taken into account. If you are running out of time to file your return we recommend filing over the internet, go to www.ird.govt.nz

Non payment penalties for Employer Monthly Schedules (PAYE)

Also from 1 April 2008, employers who are late paying their PAYE may incur a penalty of 10%.

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The IRD will send a reminder notice before any penalty is applied. The penalty will be reduced to 5% if the tax is paid within one month of the date in the letter. If the amount due remains unpaid, the penalties will continue until the maximum of 150% is reached.

FBT & UOMI

FBT interest rates increased on 1 April 2008 to 10.57% (previously 10.37%). Use of money interest remains at 14.24% for underpayments and 6.66% for overpayments.

Casual Agricultural Employees

The casual agricultural PAYE rate has risen to 22.4% from 1 April 2008 because of a rise in the ACC portion.

WAGES, PARENTAL LEAVE & KIWISAVER

Minimum Wage

From 1 April 2008 minimum wages rose and youth rates were abolished. The minimum wage rate is now \$12.00 per hour before tax for all employees aged 16 or older, with the following exceptions:

- You can pay a minimum of \$9.60 per hour before tax to an employee who is doing recognised industry training involving at least 60 credits a year.
- The same rate can be paid to a 'new entrant', that is someone who is 16 or 17, and who:
 - has not completed 3 months or 200 hours of employment, whichever is shorter
 - is not supervising or training others

Employment undertaken under the age of 16 does not count towards the 3 months or 200 hours, however work for more than one employer can be taken into account once the worker has turned 16.

Parental Leave for the Self Employed

If you are having a baby, you are now entitled to 14 weeks paid parental leave. You are allowed to supervise your business during this time.

KiwiSaver for the Self Employed

You can join KiwiSaver by making an arrangement with any provider. You are not restricted to 4% or 8% of your income, and you can receive the \$1,000 kickstart from the government, the annual \$40 fee subsidy and \$1,025 per year as a tax credit.

HONOUR ROLL

by Karen Morgan

Service Recognition

Congratulations to Gaye Cowie on joining our exclusive 20 year club. Gaye joined Shand Thomson in 1988 when she moved to Clutha Valley upon her marriage to Nigel, and is now part of the leadership group. Gaye makes a considerable contribution to both the community and Shand Thomson and specialises in taxation matters.

We are pleased to commend Vicki Philip for completing five years of working with us. She is active in the community and we also congratulate her on her recent election to the position of chairperson of the Clutha District Council's Youth Council.

Awards

Bill Thomson's contribution to the community and business development was recognised at the recent event where the NZICA presented him his Institute fellowship. It was a pleasant evening and those attending were impressed by the range of organisations to whom Bill has contributed his skills over the years.



Graeme Crombie (NZICA president) and Bill Thomson

Morgan Bennett distinguished himself in his last year at South Otago High School by achieving a Scholarship in Geography. Scholarships are awarded to the top 3% of students in each subject, and Morgan was one of three winners at SOHS. Congratulations Morgan!

Associate Chartered Accountant Status

Megan Carey has just been admitted to the New Zealand Institute of Chartered Accountants as an Associated Chartered Accountant (ACA). Attaining membership is a rigorous process and Megan had to complete a Diploma in Business, demonstrate wide professional experience and competence and also be validated for integrity and ethical behaviour. Megan has worked very hard to gain this status and we are very proud of her achievement. Well done!



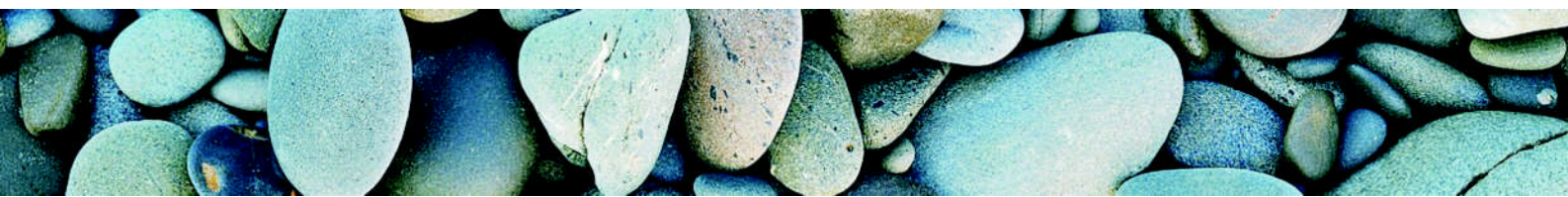
Exam Passes

Congratulations to Vicki Philip, Damien Rillstone and Megan Carey on their recent exam passes.

ACC Assurance

A reminder that an ACC assurance service is available at Shand Thomson. Your ACC invoices can come directly to us, be reviewed for accuracy with us advising you of your obligations in the same manner as we do with income taxation.

If you would like to take advantage of this service, please call Rachel Lee.



TAX TREATMENT OF INVESTMENTS

There have been significant changes in tax legislation recently that effect the tax treatment of investments.

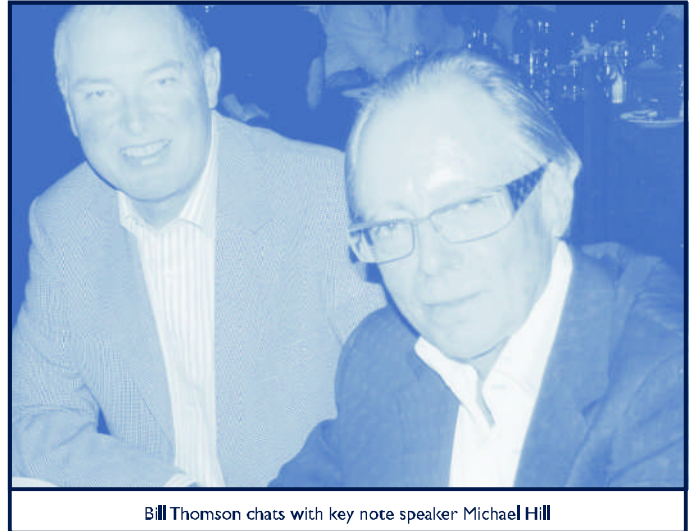
The changes have made it increasingly complex for both you and us to collate the information necessary to determine your investment income for tax purposes.

The Foreign Investment Fund (FIIF) is the most significant change and took effect from 1 April 2007. It will affect almost all investor taxpayers with holdings of international shares. The rules are complex and require consideration of alternative methods of determining your taxable income.

We will discuss your options with you as we prepare your taxation return.

BUSINESS ACHIEVEMENTS

Enterprise Clutha organised a very successful function on 19 February 2008 to showcase business achievements in the Clutha District, and the role played by Enterprise Clutha in supporting business and employment opportunities. Shand Thomson were proud to be co-sponsors of this event.



Bill Thomson chats with key note speaker Michael Hill

GRAND OPENING

Congratulations to the Catlins Historical Society on the opening of the new museum and information centre in Owaka. This was a significant community achievement and we are pleased to be associated through Jim Johnstone's facilitatory role with the committee. Locally raised architect Philip Gilchrist was also part of the successful team, continuing his connection with South Otago projects. Owaka builder and client, Wayne Hollows, completed the building and we are delighted that his skilled workmanship was recognised with him winning the commercial development award this year.



Anne Brown and Pete Hodgson cutting the ribbon, watched by Tom McNab

The Grapevine



Congratulations to Tracey and Chris Murray on the birth of their daughter, Katie Elizabeth on 18th December 2007.

Welcome to Lucy Isabella Turnbull, a new daughter for Lauren



Anderson and Craig Turnbull, born on 28th December 2007.

Shand Thomson supported the Big River Festival raft race in February with a vessel crafted from tyre tubes, planking, rope and deck chairs. The raft crew (Jeff Seymour, Jim Johnstone, Maree Milligan, Rachel Lee, Stacey Hamilton and Tony Tourell) were very pleased to finish the race with the raft intact!

Congratulations to Neroli Small who was 1st in her age group in the half marathon walk and 2nd in the 10 km walk at the Masters Games in February.

Well done to the members of the Shand Thomson mixed netball team who won their section in the recent twilight netball competition.