



With all the news about the economic uncertainty in Europe and the US, it is sometimes easy to take a less than optimistic outlook about business prospects for the future. It is easy to lose the motivation to get out there and make real progress with your business if everyone is saying things are going to get worse; in short we all become risk averse, and locked into cautious inertia. I believe that New Zealand is in a fairly good position, many businesses and households have reduced their high debt levels and are much stronger because of this. Our economy is actually doing quite well, with forecast growth this year of 2.6% (NZIER consensus forecasts) and unemployment levels relatively low (6.6%, which is very low when compared to countries such as Spain, with 20.9%). The dairy industry has made record profits and farmers have had record payouts, all of which will flow through to the rest of the economy.

If New Zealand can win the Rugby World Cup, we will see increased optimism throughout the entire country. The "feel good" factor of this tournament is already readily apparent, as people get out and enjoy the rugby and the celebrations, but New Zealand will also have benefitted from the increased spending of thousands of visitors to our country. A win in the Cup will help restore our "winning, can do" attitude to life in general. Go the All Blacks!

Sage 50 Software Upgrades

Sage 50 Version 18 / 2012 is about to be released. We have already received our full release version, and are about to start using it in-house. It is likely that the upgrade cost may increase slightly from October, and our next newsletter will include a list of all the new features. We believe that this upgrade is a worthwhile upgrade and we will be promoting it to all our clients. From a support perspective, supporting a single version is much easier than lots of different versions. Most users are on v15 / 2009 and the new features included over the three versions make this upgrade well worth considering.

Version 13 / 2007 End of Life Statement

Sage plc in the UK has issued an end of life statement for version 13 / 2007. There is also a special promotion for anyone using an older version to upgrade to v17 for a reduced price. Until the end of September we can offer the v17 upgrade discounted by 33%. Normal software upgrade price is \$1375 + GST. This offer could be compared to an car industry run-out sale, where a good deal is offered in order to sell the last of the stock (only 5 packages remain at last check). If you are on old version and would like to upgrade at a good price, this is the way to go. This version is also Windows 7 certified.

End of Life statements mean that we cannot purchase new companies or users for older versions. It also means that Sage International will not provide support for these versions any more.

Bean Counters Ltd will continue to support **all** Sage versions even if end of life statements have been issued.

Adept Health Check

In my last newsletter, I detailed the performance issues of different anti-virus packages. The measurements were done using the Adept Health Check software which is designed to specifically test how well Sage 50 is performing on each workstation on your network.

If you are interested in measuring your Sage performance, information about this software can be found here (Adept supplies it free of charge):

<http://adeptcom.co.uk/L50hc.htm>

Scroll down the web page to the [Healthcheck.exe](#) hyperlink to download the software or click below:

www.adeptcom.co.uk/files/HealthCheck.exe

As well as measuring performance and providing tools to automatically change settings to improve performance, it also has the following features:

- i) Option to clear users who are incorrectly marked as logged in.
- ii) Option to view the results of the last Check Data run.
- iii) Option to edit the Sage Company and Sage.ini files.

Use a credit card to pay tax?

IRD is looking at accepting tax payments by credit card. You will, of course, still have to pay the credit card charges. Those who have a very short-term cash shortage could find the service helpful. It will be better than paying penalties. Incidentally, there's nothing to stop anyone borrowing on their credit card to pay tax, right now. Keep your credit limit high and use only in an emergency to fill a very short term gap.

Treat your family trust with respect

The reason you create a family trust is to take care of your loved ones and limit the risks of losing everything you have.

When you transfer your wealth to a family trust, you no longer own it. That's the whole idea. What you don't own cannot usually be taken away from you. If you then treat the family trust as though you do own everything in it, you run a very significant risk it could be considered a sham trust.

Be sure to bank all the income of your trust into its bank account. That money does not belong to you. Likewise, the payments of the trust should come out of its bank account. If it has not got enough money, you can always make a loan. Don't pay the bills yourself.

If you want some money out, assuming you are a beneficiary of the trust, you can do it in one of these ways:

- Get the trust to repay some of the debt it owes you
- Make a distribution from the income of the trust to yourself
- Get the trust to distribute some of its capital back to you.

The decision to make a payment to you, or any of the beneficiaries, belongs to the trustees, not to you alone. Never take money out for yourself before **first** getting a minute approving the payment signed by all trustees. All trustees have to agree to financial transactions of the trust, **before** payments are made. You should also be aware there is appropriate wording for distributions to beneficiaries, which should be followed each time. If you take money before trustees approve it, it is **not** a trustee decision and possibly never can be. Getting trustees to ratify your decision later may not put the matter right.

Child support rules to change

The Government is looking at comprehensive rule changes for child support payments. Bearing in mind the extensive changes to the Working for Families (WFF) rules, this should not be a surprise. Revenue Minister Peter Dunne says: "The submissions generally reflect the strongly held views in the community that the scheme can be fairer to all parties and of more direct benefit to the children it is set up to support."

Given the ability to look through family trusts for WFF, it is not unlikely that a future government is going to do the same for aged care.

Tax-free allowances

If you are paying tax-free allowances to your staff, make sure you can substantiate they are reasonable if IRD calls on you to do so. From 1 April 2008, you have been able to include depreciation in your calculation. For example, if your employee uses his own concrete mixer for your business, you can reimburse a share of repairs and depreciation on the mixer.

ACC offers a discount

ACC will be giving small businesses with a blameless track record a 10% discount starting from the year ending 31 March 2012. It says 93% of all small businesses are expected to qualify. Bigger businesses are being offered a 35% discount for good performance. We ask, does this amount to discrimination?

Pause before you rush to gift

You are probably aware the \$27,000 limit for gifting is to be removed from 1 October this year. This means, if you won Lotto for example, you would be able to gift the entire prize to whomever you liked, including a family trust, without the risk of gift duty.

Talk to your accountant if you have a balance owed by your family trust. Each situation is going to be different. However, we heard of a case of a husband and wife who were owed about \$80,000 by their family trust. They are about to retire, so they will be depending on the family trust savings to boost their income in future years. The amount of debt to them is relatively small. In their case they might be better to forget gifting and get their debt repaid in instalments as they require the money.

There is no tax on this payment to them, however, if the trust has made a profit, it still must pay tax on this money, possibly at a higher rate than the beneficiary would pay if the trust's profit was distributed to the beneficiaries.

When gifting might not be the right option

If you have rental property, which was previously in an LAQC and is now in a Look-through Company (LTC), check with your accountant before gifting. Where guarantees are required to justify the claiming of losses from the LTC the guarantee must be backed by assets.

If clients hold all their wealth in their family trust, they don't own those assets any more. Their personal guarantees are worthless.

However, if the family trust owes them money, this is a personal asset. The personal guarantee is likely to be worth at least the amount of the debt due by the trust, so, if in doubt, don't forgive it. If the trustees have given a joint guarantee with the LTC shareholders, this may not be such a problem, as a portion of the trust assets may count towards the LTC shareholders' guarantees.

However this issue is uncertain at the moment and best avoided if possible.

Don't click, it's another scammers' trick

Even Revenue Minister Peter Dunne is not immune - someone tried to scam him recently.

The Minister and his staff received emails recently telling them they were entitled to tax refunds. Mr Dunne said he was not clicking on the link or filling in any form.

Just in case you are tempted, we remind you, if it's unexpected money of any sort, don't click to see what is happening. Just delete the email.

The telephone is also used to steal money. A woman who is quite bright and certainly with all her marbles got caught up in a telephone scam recently. The voice on the phone simply kept talking. At one stage she slammed down the phone but the caller rang back. After about half an hour he got her credit card number. She was terrified. Fortunately, in spite of the fear, she had the presence of mind to ring the bank and get the card cancelled so she didn't lose any money.

Our message: If it's the internet, just delete. If it's the phone, just hang up. If you're not sure, ask for the name of the caller, their business name and phone number to ring them back. If they are genuine you can check the name and number in the Yellow/White Pages. And, if you have a relative or friend who might be vulnerable to these tricks, show them this article.

Fixing a staff problem

Your choice of staff is critical. Assuming you have chosen well, how do you tell a member of your staff when there is something wrong?

Michael Hill breaks this task down into three parts:

- Start by telling the employee the reasons why you are pleased they work for the firm.
- Say what the problem is.
- Offer a way to fix it.

One of his salesmen had bad breath. As you will know, you cannot smell your own breath. The man got a big shock when he was given this news.

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Best regards,
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Deadline for LAQCs
An existing QC or LAQC with a standard 31 March balance date will need to apply to become an LTC (Look Through Company) if choosing to transition during the 2012 income year.

2nd Instalment 2012
Provisional Tax (December balance date)

October 28 2011

1st Instalment of 2012 Provisional Tax for those who pay GST twice a year (All March balance dates)

Determined to die?

The following advice was given to a young manager: "Choose which hill to die on. Don't bleed on them all."

This means if you are going to stand your ground then choose your cause. Don't try to fight every battle.

Advice similar to this is: "Never go into battle unless you have at least a 50% chance of winning the battle."

Effectively, you should know which battles you are likely to lose and avoid them.