

OBORN & JOHNSON LIMITED

Providing Specialised Solutions for Clients

NEWSLETTER MAY 2006

Oborn & Johnson Website

We have had a very positive and enthusiastic response to the launching of our website. It has been a very exciting time for us, thank you so much to those of you that gave us feedback. It was much appreciated.

Congratulations to the winners of our Easter Hamper, Annette Coker of Northcote and of our MYOB package, Rachel Wells of Wells Consulting.

Please feel free to give feedback or contact us through our website www.oborn.co.nz. This is intended as a resource for you, our clients.

To access the client only area, the user name is "oborn" and the password is "solutions". We welcome feedback from clients.

Important: Rental Owners

This week we have received notice that Inland Revenue will **no longer** allow owners of residential rental properties to claim accelerated depreciation based on detailed chattels valuations which effectively split the building into component parts e.g. electrical reticulation. Full details are still to come. However if you have a property in this category, **contact us for more details.**

Important: Company Vehicles

Company Clients Alert – Motor Vehicles

You may be aware that from 1 April 2006, two major changes take place for company vehicles. The method of calculating FBT for company vehicles has changed, and all 9 to 5 and flip leases cease to be tax-effective. The legislation putting these measures in place was only passed on April 3.

If you have a company vehicle subject to FBT, or a lease, you **must** make an election for future tax treatment of your vehicle. We are able to calculate your best option, and we recommend that if you would like to take advantage of this service, you contact us by mid-June. Please contact Peter or Barbara to discuss your requirements and costs.

But wait... there's more

However, a more recent development is that on 16 May, the government introduced a bill which will ***retroactively make all vehicles previously subject to a lease, assessable for FBT at original cost price if brought into the company's accounts.***

This Bill has the effect of making it impossible for a decision to be made as to the current tax treatment of previously-leased vehicles. We will keep you posted....

Important: Investors

Investors will no doubt be aware that the government intends to change the law regarding taxation of unrealised capital gains. We have added our voice to the protest against the proposed changes. If you would like a template letter to send to Parliament please contact us.

Employment Update

Remember that from 1 April 2007 entitlement to annual leave increases to a minimum of 4 weeks. It is probably a good time to remember to manage your employee leave. Employees need holidays, and where they do not take regular leave, they will be building up entitlements which will have to be paid out at the rate of pay applying at the time they take the leave. Remember also that if you do not have an agreement relating to the taking of annual leave, the Holidays Act allows an employer to require an employee to take annual leave on 14 days notice, where an agreement cannot be reached with the employee.

Trusts

If you have a family trust with an annual gifting programme, we recommend you put the date of gifting in your diary. Contact your solicitor or us at least a month before your annual gifting is due.

When is Repairs and Maintenance Capital?

Property investors, a reminder that for repairs and maintenance to be deductible it must meet the following criteria.

1. At the time of the work, the property must be available for rental.
2. The repairs and maintenance must not be in the nature of improvements to the property.

Contact us for clarification.

New Questionnaires

We have had an excellent response to our new personalised questionnaires for existing clients. Thank you to those clients who have already brought your records in. We cannot stress enough the importance of doing this.

Dates

Important dates are now posted on our website, www.oborn.co.nz, on the front page for easy access.

Oborn & Johnson Ltd
Chartered Accountants
P O Box 33-1054
Takapuna
Ph: 09 486 2775
Fax: 09 486 4629
www.oborn.co.nz

Information in this newsletter is of a general nature only and should not be relied on for use in specific situations. Please contact our office for assistance or advice on any tax or business matters.