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BOOK

of the Month By Linda Donald

Smart Money

– How to structure your New Zealand business or investments and pay less tax,
By Sheryl Sutherland & Martz Witty

Published by New Holland, RRP \$29.99.

New Zealand financial experts Sheryl Sutherland, a financial planner, speaker and writer for over two decades, and Martz Witty chartered accountant and professional speaker, remind us of the old saying: 'The only two certainties in life are death and taxes'.

Yet, even though New Zealand is rated a high 2 in a list of 30 countries around the world in relation to ease of paying taxes (Ireland is 1, Australia is 14 and Mexico is 30), it's not simple.

Sutherland and Witty describe the taxation system in New Zealand as, "a cobbled together structure reflecting political compromise rather than a structured, fair, efficient and neutral system. Not surprisingly, this throws up significant anomalies".

Their intention is to help you become 'financially savvy', but it's entirely understandable, when a handful of pages from the end, congratulations are offered, "for having made it through some pretty complex examples and concepts". As they say, you will by this stage be thinking you need an advisor, but now you will be clearer about what questions to ask.

That comment is right on the button.

In text book style, the four parts – Tax Planning, Legal Strategies, Investment Planning and Business Planning are delivered with clear headings, 'Smartz Top Tips', cautionary tales (mini examples), examples and homework – what you can do to be prepared.

The first third of the book, devoted to tax planning, referred to as "the dark art



of accounting", looks into how much tax is fair and why you should pay some, as well as what happens if you get it wrong and penalties are applied.

The book reviews ways to pay less tax and gives an A-Z of possible deductible expenses, "to act as a memory prompt to ask your advisors if a claim is relevant for you, with the criteria, "Keep it real. Ask yourself if you would believe someone telling you the same story".

Tax audits, together with a survival guide are next up, with an explanation of why, how, when and whom the IRD audits, including a review of your rights and what to expect.

Part two, 'legal strategies, develop your

game plan', is entirely about trusts, both family and trading, delving into their whys and wherefores, downsides and upsides, comparing them to insurance policies, formed to protect your assets.

Part three moves on to tax on local and overseas fixed interest and shares; futures and options; capital gains tax; and investing on capital or revenue accounts.

There's a section on changes relating to global shares and other offshore investments, together with the pros and cons of PIEs – portfolio investment entities, with flow charts to help work out the rate of tax you will pay.

Part four, devoted to 'business planning – plan now or pay later', is about protecting your business investment and your number one asset, you.

An appendix gives current tax rates on personal income, trustee income, RWT (resident withholding tax) and GST, followed by a list of useful websites and an index.

It's a very worthwhile guide covering tax issues for New Zealanders, plus any taxation and legislative changes updates are available on www.moneysmarts.co.nz.

Usefulness 8.5/10

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