

Editorial

Welcome to this quarter's newsletter, which I hope you find as interesting and informative as ever.

As part of this newsletter, there is a bit of information about one of our growing and successful clients called Celcius coffee – they have made a kind offer to clients of Taylor Associates that will enable you to taste their success – we hope you enjoy it.

The second instalment of 2008 provisional tax is due for payment 7 November 2007. If you are unclear of what your obligations are then please don't hesitate to contact us.

Finally, I feel compelled to jump on the soapbox over the next item, not because I am been paid by insurance brokers, but because I need to highlight once again the importance of insurance.

Over recent years and as I personally hit the danger years in terms of heart attacks etc, I have come across some very sad situations where there has been a sudden death in the family and that person has been uninsured. This has left their spouse/partner with a debt burden at a time that is obviously very stressful – this is preventable.

Please take the time to review your insurances and if necessary talk to your insurance broker. Don't put it off and if you need details of someone to talk to then we have links on our website to some excellent insurance brokers.

On a brighter, note I am proud to announce that my sister Rebecca Taylor, who is a very successful fashion designer in New York, has been admitted to the hall of fame at Massey University together with NZ icon's Richard Taylor and Len Lye. This is fantastic recognition for Rebecca in NZ and we are all very proud of her.

Cheers,
Todrick

Ring-fencing rental property

RING-FENCING, in tax talk, means isolating. If the Government ring-fenced tax losses incurred from owning rental properties, it would make rental tax losses claimable only against rental tax profits. Any losses left over would not become individuals' tax claims. They would be carried forward into the future and used up as the properties became profitable. The Reserve Bank Governor is getting agitated about inflation. To contain it he uses the only weapon he has. He increases interest rates.

The Government is concerned about the high interest rates and its effect on our economy. It is also concerned about high house prices. It is, therefore, considering ring-fencing rental losses. Will ring-fencing be introduced? Cynics count up the number of MPs who have rental properties and suggest the answer is no.

Ring-fencing would be likely to significantly affect the price of houses at the lower end of the market, thus reducing inflation.

Databases make money

BUILDING industry suppliers are getting lists of building permits issued and using them to build their databases. Good selling is about targeting your sales effort. Someone who has a building permit is going to want doors, kitchens etc. Why not send your advertising where it is likely to make the most impact? Small firms, with limited resources, have to find cost-effective ways to sell their products. Mass advertising is not an option for them.

Letters addressed directly to potential customers and having their names on them will be more effective than an advertisement in a newspaper. Build up your database and use it constantly.

Put in all your contact details, including your email address. Your ad might be read outside working hours. Email is a convenient way to get a response.

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Making Minutes

JOAN is secretary to a club. When she sends out minutes they contain:

- a brief discussion of each topic covered by the meeting.
- decisions made;
- management's post-meeting response to the decisions;
- management action plans resulting from those decisions.

Thus committee members arrive at the next meeting knowing what has happened as a result of the decisions they made at the previous meeting.

Keep copies of GST returns

IRD is providing only one copy of every GST return. Be sure to keep a copy of any return you send to the IRD. It may be needed for preparation of your annual accounts.

Three markets price by price

HAVE you ever noticed you can classify potential customers into three groups. based on their sensitivity to price?

Customers spending their own money

When you have to pay for things out of your tax-paid income, you are usually quite careful with your decisions, particularly if the amount is large. These customers can be expected to be the most price-sensitive of the three groups.

Customers who own their businesses

Payments are tax deductible, so business owners spend the Government's money as well as their own. Their purchases are subsidised. They are also less price-sensitive than the first group because:

- business people have less time to fuss over prices;
- time spent developing the business might yield more than time spent haggling over relatively small savings – for example, is it worth getting three quotes every time you want some printing, if you are already getting a good service at a reasonable price?
- they want reliability and good service, which saves them administrative time.

Customers spending other people's money

These are the bigger organisations. Their staff will happily pay to avoid making mistakes. That is why so many of them call in consultants. Sell them on the idea you can keep them out of trouble and charge accordingly. An electrician made an excellent living out of about 10 big customers. He almost guaranteed his customers' factory machinery would keep running. He would approach management with recommendations for overhauls and preventive maintenance and got well paid for his service. He staked his reputation on having no breakdowns. Those who spend other people's money are the least price-sensitive.

Conclusion

If you have a choice, which segment will you choose to work in?

A degree of difference



Celcius Coffee is a young and vibrant coffee company based in Lower Hutt, Wellington. We roast a range of superb organic fairtrade coffee blends, plus our award winning "Firehouse" blend; which was a recent medal winner at the 2007 New Zealand Coffee Awards.

We are passionate about coffee and equally as passionate about business. We want you to experience this when dealing with us. We offer businesses, cafés and home coffee lovers a comprehensive selection of products and services; from the simple plunger, through to fully automatic coffee machines for the large corporate office and espresso equipment for the busy café.

We are New Zealand's first and only carbon neutral coffee company, members of the Sustainable Business Network and we're the proud owners of Wellington's newest coffee roastery. We are also pleased to be the newest edition to the selection of organic coffee available at Wellington's wonderful new organic store, The Organic Grocer in Kaiwharawhara - www.theorganicgrocer.co.nz.

With the opening of our roastery, we offer our customers a range of superb coffee including Organic Fairtrade blends. We purchase our premium green beans from around the world, through Trade Aid New Zealand. Our coffee is roasted in small batches as required, so it is *always* fresh. Our roasting process is designed to produce excellent and consistent coffee every time.

A continued area of focus for us is that of coffee solutions for businesses. We offer very flexible options and if it's a coffee machine you're after, we have a comprehensive range of the best equipment available in the market; to suit the small, medium and large corporate office.

What's in it for you when you work with Celcius Coffee?

- Specialist advice about coffee solutions for businesses
- Freshly roasted award winning and Organic Fairtrade coffee blends
- Flexible, tailored coffee solutions - chosen by you, to suit your business
- Reliable equipment repairs and maintenance support
- A vibrant and fresh coffee brand, recognised as an industry leader in business sustainability
- Personalised service and a commitment to do our best for *your* business - You deal directly with the owners of the business, so you can be assured of our utmost attention and dedication

With our flexible range of options from coffee supply only, to free on loan machines and rent and rent-to-own options, you'll be pleasantly surprised at how easy it is to have freshly roasted coffee in your office.

To show you just how easy it is, we would like to offer our time to come and have a chat with you about the advantages of having fresh coffee in your business and in particular, **why our service is so special**. To recognise the value of your time, when we meet we'll give you a 500 gram bag of our freshly roasted organic fair-trade coffee absolutely **FREE**.

If you would like to experience a degree of difference we offer, call us **(04) 586 5244** or email us info@celciuscoffee.co.nz to make an appointment.

Quote

Donald Trump says: "You can always rebuild a factory; you may never regain a customer who is lost."

Airpoints and taxation

AIRPOINTS generated by shareholder/employees of a company, using their private airpoint accounts, are not taxable. These people can pay for business expenses, get reimbursed by their companies and keep the resulting airpoints – tax free.

Can you pay for business travel using personal airpoints? The answer is you can but if you want to be paid for the value of the travel, you will have to pay tax on the money you get. You would be better to save your airpoints for holidays.

Airpoints generated by your company and used privately form part of taxable income. Hold your airpoints account in your own name.

Contact Us

Please use the following information to get in touch, should you have any enquiries:

Email enquiries@taylorassoc.co.nz
Web www.taylorassoc.co.nz
Phone 04 384 4161
Fax 04 384 4171

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