

LAQCs and Look Through Companies (LTC)

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Brief overview of where we're going

The end is (very) near!

- LAQCs are about to RIP

You choose

- What are the options available?

But how ?

- The transfer process



The End is Near

- Tax law has caused the death of LAQCs
- LAQCs no longer from 1 April 2011
- If you do nothing, you will become a QC
 - Your losses will get “stuck”





You choose

- Remain a QC
 - Default option if you do nothing
- Become an ordinary Limited Company
- Elect to become a Look Thru Company (LTC)
- Transition to become a partnership, limited partnership or sole trader



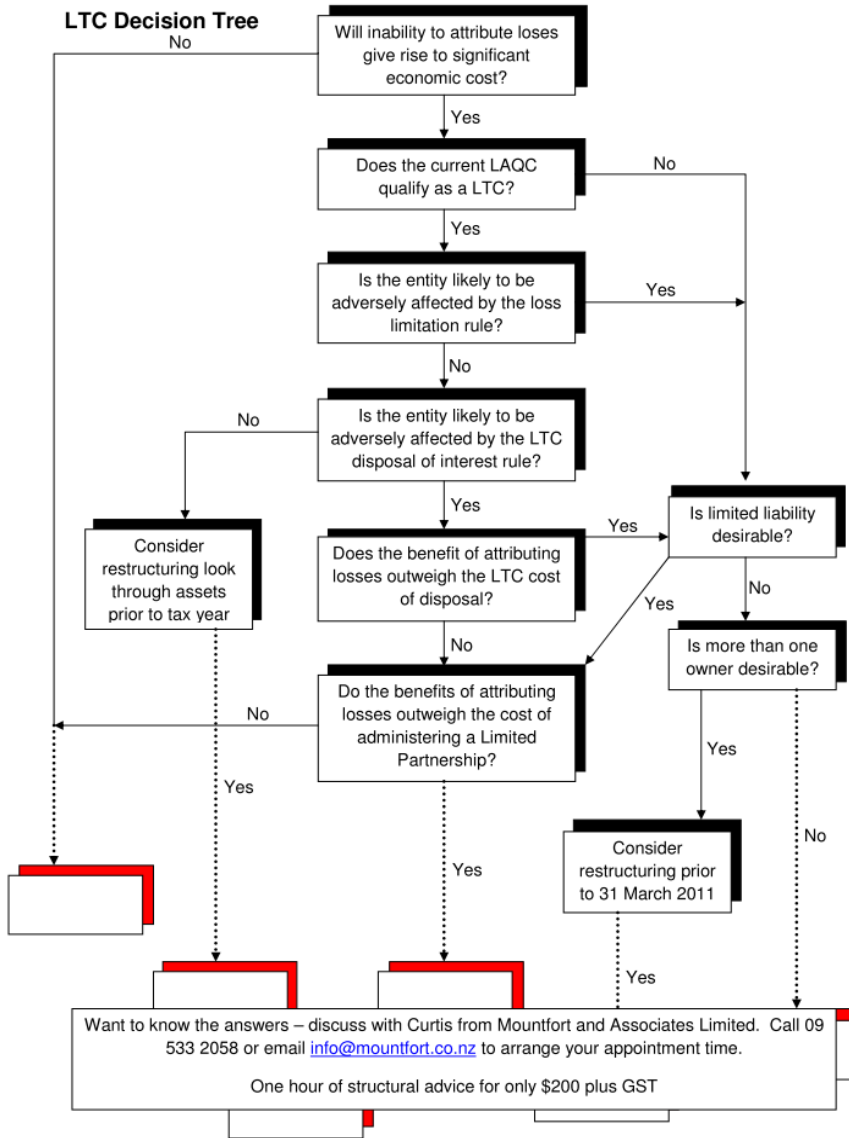


Which option to choose?

- Depends on specifics of:
 - Will there be profit or loss (remember no depreciation on buildings)
 - What are the effective tax rates of the shareholders?
 - How much is the shareholder(s) owed
 - What guarantees have the shareholders given
 - PLUS a number of other factors



LTC Decision Tree
No



Want to know the answers – discuss with Curtis from Mounfort and Associates Limited. Call 09 533 2058 or email info@mounfort.co.nz to arrange your appointment time.

One hour of structural advice for only \$200 plus GST



Shareholding Changes

- Watch out!
 - After 1 April 2011, these could have significant tax costs. Talk urgently to your accountant about this.



Finding it all too much?..



The transition process

- To transfer to a LTC
 - Shareholder and director elections by Sept 2011
- To Partnership or Sole Trader
 - Tell IRD by Sept 2011
 - If partnership, create the partnership
 - Convey the property across (along with mortgages)
 - Liquidate the Company



To summarise

The end is (very) near!

- It's a certainty that tax law has caused the death of LAQCs on 1 April 2011

You choose

- There are various options, with pro's and con's. Choice is yours, but time is of the essence

The transition

- Attention to detail is required at the outset with specific time frames and rules to be followed to transition to a new tax entity

Talk to your advisor



Be informed
Be prepared

And don't do nothing!

