

Welcome to our February 2011 Newsletter . We have now completed all GST Returns that were due to be filed on 28th February. Thank you for your prompt replies to our requests for information in regards to these returns.

Displayed below are some important information in regards to the changes in legislation for Qualifying and Loss Attributing Qualifying companies . If you have any questions in regards to these topics ,or would like us to cover other topics in our next newsletter, please give us a call.

The New Qualifying Companies and Loss Attributing Qualifying Company Rules

Legislation passed in December 2010 made changes to the rules for qualifying companies (QCs) and loss attributing. LAQCs aren't able to attribute losses to shareholders for income years starting on or after 1 April 2011. The last year an LAQC is able to attribute losses to its shareholders is the income year before the income year that starts on or after 1 April 2011.



Existing LAQCs automatically become QCs (without the ability to attribute losses) at the start of the income year that begins on or after 1 April 2011.

The options for existing QCs or LAQCs

Companies that are a QC or an LAQC in the income year immediately before the income year starting on or after 1 April 2011 have the following options.

- You can remain a QC
- You can transition into LTC
- You can transition into a partnership, limited partnership, or sole trader.



If you are a LAQC and do not choose this option you will automatically become a Qualifying Company.

Unlike the LAQC rules, shareholders of a LTC are liable for tax upon the company's profit, as well as being able to offset the company's losses against their other income.



The LTC retains its identity as an incorporated company and keeps its corporate obligation and benefits under general company law. For Income tax purposes, the LTC is "looked-through", and the owners are regarded as holding the assets directly and carrying on the activities of the LTC personally. An LTC's income, expenses, tax credits, gains and losses are passed onto its owners, who then record any income or losses in their own income tax return.



Should you elect to change your company to a normal company, please contact us to discuss new business structures.

Enquire Now: 0508 A Gurus (0508 2 48787)