



Estate and Taxation Planning Council New Zealand Inc

September 1995

Fourth Estate

Spring approaches and along with its increasing pace, we perceive the momentum of the year's activities speeding into the fourth quarter. Not to be outdone, the Executive Committee has two more functions planned before we recess for the summer period (see *Coming Events*).

Attendance at our functions this year to date has been strong, a trend which we believe reflects the quality of the speakers chosen and the topics they have presented. The same trend is evident at the functions of the Canterbury branch of the Estate & Taxation Planning Council, with attendance figures in the 80 – 90 range!!

Looking ahead to next year, which will be the twentieth anniversary of the establishment of the Estate & Taxation Planning Council, we hope to focus more closely on the first MMP style election. It is hoped that some, at least, of the candidates will be prepared to speak to our membership, all of whom have an abiding interest in learning what the parties' fiscal and taxation agendas may fore-shadow.

Harold Titter on Reform of Health Services

On Thursday, June 1 at the Auckland Club, Harold Titter held a group of our members enthralled as he outlined the changes which have occurred in the funding and provision of health services in the past several years.

Using a number of overhead projections, he demonstrated how the Northern Regional Health Authority has, via targeted restructuring, realised significant economies in its hospital resources, which have been rechannelled into other aspects of health care.

One of the most important distinctions he drew for us is that between health care which requires specialised facilities (example, involving a hospital stay) and health care which can be accomplished either at local centres or even within the home.

He asserts the need to change the focus of the healthcare users to place more emphasis on primary healthcare – in the sense of preventive healthcare – rather than on restorative or curative treatment.

Mr Titter spoke for over an hour and a half, without notes, and answered a number of questions from the audience. Responding with enthusiasm to our invitation to remain for some refreshment, Mr Titter was barely able to enjoy the offerings as so many members wished to engage him with specific questions.

Our sincere thanks go to New Zealand Financial Planning Limited for its sponsorship.

Coming Events

Enter these dates in your diary now:

On Thursday, October 12th, 5:15, John Hart from Bermuda Trust (New Zealand) Limited will speak to members and guests on the topic *Issues of Interest Arising in the Offshore Trust Industry*. Kensington Swan have offered to sponsor and host this function at their premises. Invitation forms will be posted shortly.

The final function of the year will be on Thursday, 7 December at 5:15, when we will spotlight, for the first time, the financial planning role and function. Speakers are being approached now but we guarantee that the mix on the panel will ensure some lively presentations and debate. Our traditional Christmas social hour will follow the formal part of the function.

Reminders:

Talk by John Hart – Offshore Trusts

5.15 pm, 12 October

Financial Planning – The Approaches and Christmas social

5:15 pm, 7 December

Dr Susan Glazebrook on Inland Revenue: Binding Rulings

A group of fifty of our members and guests assembled on Thursday, 3 August, to listen to Susan Glazebrook of Simpson Grierson Butler White talk about the new Binding Rulings regime at Inland Revenue. She had prepared a series of overheads to illustrate for us the system which has been implemented to respond to requests for binding rulings from taxpayers.

Susan noted that, in a tougher climate of penalties, including use of money interest, the policy behind the giving of binding rulings is two fold: transaction certainty and compliance certainty for taxpayers. These, in turn, assist in the self-assessment of the taxpayer's obligations.

The types of rulings are:

- **Public Rulings**, which are made at the discretion of the Commissioner and which apply to all members of the public for taxation treatment of the specific arrangements treated in the rulings. These are published.
- **Private Rulings**, which are made in relation to a particular person and a particular arrangement, upon the application of that person. The ruling is binding on the Commissioner, but not on the applicant. These are not published.
- **Product rulings**, which are made by the Commissioner where a private ruling cannot be made because the scope of the ruling will cover so many taxpayers that it is impossible to identify them: thus, the ruling attaches to the 'product' rather than to an individual. These are also published.

Although the regime is still in the early phases, Dr Glazebrook reported that her experiences with the binding rulings division of Inland Revenue have been, on the whole, positive and, so far, co-operative.

The Department has an internal goal of a fast response time, which may help the applicant to accept more easily the relatively high cost of the process, including \$210 for the first two hour assessment by the Department, with time after that charged at \$105 per hour.

Add to that the costs of legal advisors and (potentially) meetings with the binding rulings division in Wellington, and it is easy to see that the cost alone may be enough to deter some taxpayers from taking advantage of the certainty which the regime now offers.

The Executive Committee's sincere thanks go to Rudd Watts & Stone for its sponsorship.

At press time, we understand that the Canterbury branch have invited Dr Glazebrook to deliver her binding rulings address to that group at its October meeting in Christchurch.

Membership Subscriptions Reminder

Colin McEwen of Guardian Trust has taken over the treasury function from Des Trigg, who retains the secretarial role. Colin reports that the request in our last newsletter for prompt payment of membership subscriptions met with a high response.

However, there are still a few members who have not paid their subscriptions for this year.

Please act now on this reminder to post those cheques to: P O Box 2209, Auckland (Attn: Colin McEwen), thus sparing the Executive Committee the time and embarrassment of having to telephone you individually.

Remember: financial members are not charged admission to attend functions, but non-financial members and guests are charged.