



# **Companies, Partnerships and Trusts**

**Achieving the ultimate business structure**



**Author and presenter**

**Deane Purdue**

**– Q & A Business Limited**

**Continuing Professional Development - Receive up to 3.5 Continuing Professional Development hours for attending this course.**

# CONTENTS

---

<b>PRESENTER BIOGRAPHY</b>	<b>3</b>
<b>COURSE OUTLINE</b>	<b>4</b>
<b>BUSINESS STRUCTURES</b>	<b>5</b>
<b>COMPANIES</b>	<b>15</b>
- Generally	15
- Qualifying Companies	19
- Loss Attributing Qualifying Companies	22
<b>SOLE TRADERS, PARTNERSHIPS etc.</b>	<b>23</b>
- Sole Traders/Sole Proprietors	23
- General Partnerships	24
- Limited Partnerships	26
- Joint Ventures and Co-operatives	34
<b>TRUSTS</b>	<b>35</b>
- Inter vivos Family Trusts	35
- Trading Trusts	50
- Testamentary Trusts	54
<b>OTHER CONSIDERATIONS</b>	<b>59</b>
- Risk and Resilience Planning	59
- Property Relationship Act	59
- Enduring Powers of Attorney	61
- Wills and Wills Act 2007	62
<b>APPENDICES</b>	<b>64</b>
• Diagnostic chart	64
• Glossary	65
• Statutes	67
• Trust Types	67
• Recommended Reading	69

© 2009 TEO Training Ltd

This course material is copyright. Apart from any fair dealing for the purposes of private study, research, criticism or review, as permitted under the Copyright Act, no part may be reproduced without written permission from TEO Training Ltd.

## **PRESENTER BIOGRAPHY - DEANE PURDUE**

---

He has presented and authored\* the following workshops for TEO:

- 2000 GST for Australian Government contract
- 2002 Family Trusts - putting the records straight
- 2003 Magic Marketing workshop\*
- 2004 I am a Family Trust - want to know more about me\*
- 2005 The Essential Guide to Trust & Estate Administration & Management\*
- 2005/2006/2007 Succession and Protection Planning\*
- 2006/2007 Family Trust Accounting\*
- 2007 The Accounting Workshop\*
- 2008 Trustee Guide \*

Deane has been a member of the Australian Society of Accountants since 1969 and the New Zealand Institute of Accountants since 1973. He was partner of McCullochs (now BDO Spicers) Gisborne from 1978 to 30/9/2007. He formed his own company (Q & A Business Limited) on 1/10/2007.

He is a board member of the New Zealand Institute of Accredited Business Consultants.

Deane is a facilitator for the Bank of New Zealand Farm First Faculty (since 2001) and has authored their Succession and Protection book and workshop. He is also a consultant on Succession and Protection Planning having clients throughout New Zealand.

Deane is a business coach; presents business education workshops for and is the founder of MBE (Management Business Education Ltd Gisborne). He also presents and facilitates workshops on a wide variety of subjects under his Marketing Magician brand including Selling, Marketing, Client Service and Future Proofing Your Business.

Deane has been married to Dianne for 42 years; they have four married children and 9 grandchildren. He has over the years run 50 marathons!

Deane was CEO of TEO Training Limited from 2001 to 2008.

### **Contact details:**

#### **Q & A Business Limited**

11-100 Customhouse Street,

GISBORNE 4010

Telephone: (06) 867 4924

Email:qabusiness@xtra.co.nz



# **COURSE OUTLINE**

---

This course paper will focus on the myriad of structure choices available, not only for business purposes but also for personal needs. The emphasis is on choosing, using, abusing and maybe losing business and personal structures.

TEO believe there has been too great a preoccupation with taxation when discussing business structures, therefore this course will concentrate on the many other important issues/benefits surrounding structures for business and personal use.

Other purposes, benefits and reasons for having a business and personal structure are:

- Protection from creditors, predators and family
- Entitlement to Government handouts and benefits
- A shield against estate duty, wealth and capital gains tax
- Succession and exit planning
- A vehicle to operate the business or activities
- An alternative to leaving assets on death to a testamentary trust or having to make provision for assets in the will
- A convenient ownership mechanism
- A fund for retirement, children or grandchildren
- Property ownership, rental or development

The driving force behind this course has been:

- Feedback over many years from accountants, lawyers, clients and attendees at numerous workshops.
- Deane's observations, not only from his public accountancy experience but also from the protection, exit and succession consultancies he has conducted around New Zealand.
- Recent changes to legislation e.g. Wills Act 2007, Limited Partnerships and changes in society.

Included in this course paper are sections on Companies, Trusts and Partnerships. These have been included for completeness but the presentation will be based largely on the first section called "Business Structures".