

21 May 2010

## **Media Release**

### **BUDGET 2010**

Tax cuts announced in yesterday's budget will leave money in New Zealander's pockets giving them the choice as to whether they save or spend said Tony Collins Northland Chamber of Commerce CEO.

Also the Budget's surprise dropping of the company tax rate to 28% gives NZ business the opportunity to invest in themselves, grow and employ, and is a small but welcome edge over Australia. While the actual effects may not be immediately apparent it will provide New Zealand business an opportunity to move forward.

The overall tax changes are particularly relevant for Northland with our reliance on the farming sector as this sector should also benefit from the change in company tax as could the marine sector.

Tony Collins said, the effect the changes in GST will have on business will be difficult to assess but businesses will have to ensure that they have undertaken the necessary preparation for the changes in October. GST changes will require businesses to reexamine their profit margins and their pricing points will need to be updated. Accounting systems will need to be modified and accommodation made for transition between the two rates.

The changes to funding of research and development are heavily focused on investing in big research-intensive businesses and this excludes a majority of New Zealand firms (particularly Northland companies). Without R&D tax credits, it will be difficult for small and medium sized businesses to undertake R&D in the future.

The Northland Chamber of Commerce believes that overall, yesterday's announcements do provide an opportunity to fuel growth in our regional economy.

- **For more information contact Tony Collins: Ph (0274) 441 010**