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IFA CALLS ON COMPANIES TO ASSIST ADVISORS WITH GST

Institute of Financial Advisers president, Lyn McMorran has come out strongly in support of insurance advisers today by challenging insurance companies to front up and assist any advisers who may have difficulties in complying with GST on insurance commission by providing them with the information they need.

“One or two companies have already indicated that they are prepared to ‘step up’ and provide their advisers with comprehensive information in relation to GST on their income from insurance products and this is most commendable. But I would like to call on all companies to do the same.

In many cases commission statements and notices to advisers carry no information in relation to the GST component of products being issued,” Lyn says.

“All advisers are under a great deal of pressure at this time with the ongoing economic crisis, having to reassure clients and trying to anticipate the impact of legislation. While I realise that many companies are also suffering under these conditions, it just make sense that most of them are far better resourced and have better access to database information that could make everybody’s life a great deal easier.

With a necessity for some advisers to register for GST and provide IRD with the information that they require by the end of May, this is another pressure that many advisers do not need and can be easily resolved.”

Chair of the IFA’s Insurance Special Interest Group, Kathy Jarrett, is in total support of the initiative suggested by Ms McMorran.

“For many advisers who have only recently joined the industry, this recession is the first time they have experienced the negative impact on world markets,” says Kathy. “This is causing huge amounts of anxiety for them personally and is making it difficult for them to reassure their clients

about their financial future. Some advisers are even becoming afraid to give any advice at all. Any assistance the insurance companies can give advisers to help them meet the requirements set by IRD would be hugely appreciated and would take a great load off the shoulders of many people.”

Advisers not currently registered for GST and who are earning income subject to GST over the \$60,000 threshold are required to GST register before 1 April 2009 and to comply with IRD's requests before 31 May 2009 if they wish to take advantage of the small window of opportunity provided by IRD.

Ms McMorran has also suggested that, if it is likely that companies cannot assist their advisers within the time frame specified, advisers should use the Insurance and Savings Industry Association (ISI) to assist with their requests to IRD for extra time to comply.

For further information please contact:

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Background Information

The Institute of Financial Advisers is the professional body for financial advisers, including insurance and investment advisers and financial planners. The Institute is an industry leader, representing some 1400 financial advisers throughout New Zealand.