

News Flash

Inside this issue:

Penny and Hooper Appealed

Directors:

Phillip Walker

Philip Bell

Bruce Watt

Graeme Carruthers

Lisa Murphy

UPDATED SPECIAL EDITION

Penny and Hooper Appealed

Christchurch surgeons Ian Penny and Gary Hooper have sought leave to appeal the Court of Appeal's recent finding they were guilty of tax avoidance. If leave is granted the Supreme Court will have the last word on whether the surgeons' trading structures amounted to a "tax avoidance arrangement".

In early June the Court of Appeal decided by a 2-1 majority the arrangement involving the payment of below market salaries via companies owned by the surgeons' family trusts was a pretence used to shelter personal income from the top tax rate.

The surgeons maintained the use of the company/trust structure was legitimate tax planning and that the tax law does not require a "market salary" to be paid. Interestingly this position was supported by the High Court and one Court of Appeal judge who found in favour of the surgeons in a dissenting judgment.

Assuming leave is granted, the final decision from the Supreme Court is not expected until early 2011, but will be much awaited.

David Weaver