

Winding up and Tax

What to do?

- Have your last formal meeting as a YES company to discuss the wind up, allocate “wind up tasks” below and make decisions on the future of the business beyond YES.

Wind up tasks:

Formally close the business bank account.

Close your XERO Account if you have been using this for YES

(You can sign up with XERO as a regular user if you still want to use this package)

Complete the YES tax return and submit to YE Trust

When do we need to wind up?

- By 18 November for the 2016 year.

Can I continue to trade?

- Yes – under the YES constitution you are eligible to keep on trading until the end of the year.
- If you wish to trade after the 18th November please seek approval from the Head of Enterprise Senior secondary at support@youngenterprise.org.nz

Do YES companies pay Tax?

- YES companies are exempt from the normal income tax obligations and company compliance costs unless they reach the GST threshold. However, they are still required to pay a “YES Tax”
- The YES tax covers a very small fraction of the total cost of running the programme. Your participation as a student has been made possible partly by the tax paid by previous YES students.

Why do we tax?

Tax is an important part of business life and is therefore an essential element in the work experience of running a Yes company. **The tax rate is 25% on reported profit.** Your company approves the company accounts at their last meeting.

What happens to this YES tax?

The student fee you pay to participate in YES and the tax collected for each region is paid directly to the regional coordinators organisation to support their operational costs. We really appreciate your participation and tax donation.

What happens to the intellectual property?

The intellectual property is owned by the YES Company Directors according to the Constitution.

See here the appropriate clauses in the YES constitution regards Intellectual Property and Winding up:

CLAUSE 9 Intellectual Properties

9.1 If, a Student Participant develops any Intellectual Property related to the Business Objective (“**Business IP**”) he or she will promptly inform the Board of the specific nature of that Business IP.

9.2 Business IP will, from the time of discovery or development, be deemed to be owned jointly by all Shareholders as tenants in common in shares proportional to the relative shareholding of each Shareholder.

9.3 No Shareholder will disclose or use Business IP other than:

- for the purpose of that Party performing its obligations in relation to the Business Objective in accordance with this Constitution;
- with the written permission of the Board (subject to clause 5.6); or
- as otherwise agreed in writing by the parties with an ownership interest in such Business IP.

9.4 Where, in accordance with the terms of this Constitution, the Board resolves to sell, license or otherwise transfer any Business IP, each Shareholder:

- will be deemed to have consented to that sale, license or transfer;
- will complete such documentation as is required in relation to that sale, license or transfer; and
- grants a power of attorney to a Director nominated by the Board to complete such documentation on behalf of that Shareholder where that Shareholder is not able or does not do so within 5 days of being requested to do so.

CLAUSE 13 Winding Up

13.1 The Shareholders will ensure that the Virtual Company terminates operations and completes the winding up procedures describe in clause 13.2 by 18 November in the year this Constitution is signed. However winding up can be completed prior to this deadline.

13.2 Once the operations of the Virtual Company have ceased, the Board shall wind up the Virtual Company in accordance with the following procedures:

1. Where applicable, sale of assets including Business IP;
2. Preparation of final accounts (Performance, Position, Movements in Equity), including valuation of goodwill;
3. Closure of any YES bank account(s) and closure of YES XERO account, if used;
4. Payment of YES tax to Young Enterprise Trust;
5. Payment of any other third party liabilities;
6. Distribution to any holders of Preference Shares;
7. Payment of initial contributions to any Directors that resigned or were removed in accordance with clause 4; and
8. Distribution to Ordinary Shareholders, based on relative shareholding, if no other formal agreement has been signed.

The full YES constitution is under "Getting Started" online