

## Newsletter March 2012

Welcome to our client information letter – you will all note a new face in the staff photo (second from left front row). We are delighted to welcome and introduce Tim McKendry as a new Chartered Accountant staff member who will be part of a new generation of accountants at Peters Doig for the future. Tim is highly qualified and experienced and we look forward to having him as an integral part of our team.

### CLOUD COMPUTING

Cloud computing seems to be the word du jour, what is it? In simple, basic language it means you don't have the software or data stored in your computer; it is all stored on a giant server elsewhere. The "elsewhere" depends on the application you are using. It could be in NZ or overseas. We learnt a big lesson from the Christchurch earthquakes; many people lost all records - both computer and paper, and even if they had a backup of their computer data, in many cases, that was destroyed also as it was in the same city. If it survived, before anyone could access their data, they had to find the appropriate programs. This was difficult if licence numbers and registrations were destroyed. With cloud computing, all that is needed is an internet connection and either a computer, a laptop, an I-phone/smart/android phone, a tablet or an I-pad. Other pluses are:

- You can increase capacity without draining resources on your computer.
- You can access your data anywhere in the world as long as you have internet access.

We are quite excited about the future of cloud computing.

### XERO

Xero is our choice of cloud application for processing your financial data. There are two versions we recommend; one being a basic cashbook which processes your data and creates the GST return and financial reports. The other being a business package which includes debtors and creditors. Imagine being able to create an invoice at your customer's place using your smart phone, or viewing your profit and loss reports whilst on a boat waiting for the fish to bite. At this stage, Xero does not have the ability to enter quantities so if you are a farmer, it may not be for you. However if you really would like to use this application, there are ways to cope with recording stock numbers. Bank statements are downloaded daily so you can be up to date at all times.



If you wish to learn more regarding Xero or would like to see a demonstration, please call or e-mail:

Julie [julie@petersdoig.co.nz](mailto:julie@petersdoig.co.nz)

Denise [denise@petersdoig.co.nz](mailto:denise@petersdoig.co.nz)

### BANKLINK

If cloud computing is not for you, we recommend BankLink. This is a very simple to use cashbook product which processes your data to create the GST return and very informative reports and graphs. Bank statements are downloaded daily, weekly or monthly. Stock numbers are easily entered so this application suits farmers very well. As BankLink is not cloud based, you need to install the program on the computer you wish to use and the data is accessed from that computer.

If you wish to learn more regarding BankLink or would like to see a demonstration, please call or e-mail:

Julie [julie@petersdoig.co.nz](mailto:julie@petersdoig.co.nz)

Jackie [jackie@petersdoig.co.nz](mailto:jackie@petersdoig.co.nz)

Sherie [sherie@petersdoig.co.nz](mailto:sherie@petersdoig.co.nz)

### LOOK THROUGH COMPANIES (LTC)

Some of you elected to revert your Qualifying Companies (QC) to an LTC in 2011. If you have not then we have another opportunity in 2012 if your circumstances have changed and there are advantages in changing. Simply put, most loss attributing QCs join the regime if losses are expected in future (forests, some rentals and sadly some vineyards). However many companies will no longer have losses now that depreciation on buildings has been scrapped as a tax deduction. We will discuss this with you at the time we prepare your annual accounts. The deadline for changing is 30 September 2012 for March balance dates and 31 December 2012 for June balance dates.

## TAX RATES

Income tax rates for the 2011/12 and future income years:

<b>Income Range</b>	<b>Tax Rate</b>
\$0 - \$14,000	10.5%
\$14,001 - \$48,000	17.5%
\$48,001 - \$70,000	30%
\$70,001 and over	33%

## EMPLOYERS

### Payroll Law Changes 1 April 2012

For details on legislative changes go to: [www.ers.govt.nz](http://www.ers.govt.nz) or contact Peters Doig.

### Minimum Wage Increase

Adult Minimum wage from \$13.00 to \$13.50.

Training & New Entrants from \$10.40 to \$10.80 (after completing 200 hours or 3 months of employment increase to the adult minimum wage).

### Employment Agreements

From 1 July 2011, all employees must have an Employment Agreement; you can build Employment Agreements on the [www.ers.govt.nz](http://www.ers.govt.nz) website or contact us if you require advice.

### KiwiSaver

From 1 April 2012 the ESCT (Employer Superannuation Contribution Tax) exemption will be removed. All KiwiSaver and superannuation employer contributions will be taxed. For further information and changes go to [www.ird.govt.nz/changes](http://www.ird.govt.nz/changes).

### Student Loan

All student loan borrowers will be required to use a student loan (SL) tax code, regardless of earnings from 1 April 2012.

## ACC LEVIES

Earners levy as at 1 April 2012 will reduce to \$1.70 per \$100 of earnings. Classification and levy rates have also been revised. Are you on the correct code? Should you be on CoverPlus Extra? We have found that many of our clients are being incorrectly invoiced – please provide your ACC invoice or phone us to review your circumstances.

## WORKING FOR FAMILIES TAX CREDITS

There are changes in the types of income that must be included in the calculation of Working For Families Tax Credits entitlements. Income that must be included from 1 April 2011 include:

- PIE Income (not KiwiSaver)
- Attributable Fringe Benefits
- Pensions and Annuities
- Passive income of children > \$500 per child
- Attributable Trustee Income
- Rental/Investment Losses

You will need to supply the above details with your annual information.

## RATES REBATE

Are you eligible to apply for a rates rebate? The maximum rebate this year is \$580. Applications close 30 June 2012 for the 2011 income tax year. The maximum household income before the abatement applies is \$23,240. Example: Household Income \$28,000, annual rates \$1,800, expected rebate \$498. Property not to be used for business activity.

## REDUNDANCY TAX CREDITS

These were extended to 31 October 2011. If you received redundancy before this date, there is a 6% rebate to come. Give us your final payslip and we will apply for this on your behalf.

## FORESTRY – PLANTED AFTER 1989

Landowners have until the end of 2012 to decide whether to register post 1989 forests and receive NZUs (New Zealand Units). If this is done, you can claim NZUs for all carbon stored in your forest from 1 January 2008 to December 2012. Landowners can also register after 2012, but only claim NZUs for carbon sequestered from 1 January 2013. Landowners who do not register post – 1989 forest, will not have units issued, nor are any units required to be surrendered if the forest is harvested or deforested.

Please let us know if you would like any assistance in this regard or visit the MAF website: [www.maf.govt.nz/sustainable-forestry](http://www.maf.govt.nz/sustainable-forestry) or phone 0800 254 628.

## FINALLY

The team at Peters Doig wish you all the best for 2012.