

NEWSLETTER - MARCH 2009

Dear Clients

Once again a financial year end is upon us and we have put together some matters which may be of interest to you.

TAXATION (BUSINESS TAX MEASURES) BILL

This Bill is a package of relief measures aimed at helping businesses' cash-flow and reducing the amount of time that small and medium enterprises (SMEs) must spend on their tax obligations. Measures announced by the Government and contained in the bill include:

- The 5% "uplift" rate that business pays on provisional tax instalments will be removed for the 2008-09 and 2009-10 income years, resulting in better tax cash flows for the next two years.
- The GST payments threshold will be raised to \$2 million of GST turnover from \$1.3 million, so more businesses will have the cash-flow advantage of only having to pay GST when payment from invoices has been received.
- The GST registration threshold will be raised from \$40,000 to \$60,000 of GST turnover, allowing businesses earning less than \$60,000 to de-register if they wish.
- Entities with business-related legal expenditure of \$10,000 or less will be able to fully deduct the expense in the year it was incurred, whether it is capital in nature or not.
- The PAYE once-a-month filing and payment threshold will be raised from \$100,000 to \$500,000, allowing more employers to file PAYE returns and pay PAYE once instead of twice a month.
- The FBT annual filing threshold will be raised from \$100,000 to \$500,000, allowing more employers to file FBT returns and pay FBT annually rather than quarterly.
- The value of minor fringe benefits, such as chocolates or flowers, which can be provided to employees without attracting FBT will be raised to \$300 per quarter per employee, and to \$22,500 a year per employer. This means fewer businesses will be required to return FBT on certain minor benefits provided to employees.

ACCOUNTING PROGRAMS

BANKLINK continues to be our most popular package for preparing GST returns and producing excellent cash flow reports and budget/forecasts. We offer full set up and training.

BANKLINK INVOICE PLUS is a very easy-to-use invoicing program costing a one off fee of \$45 with free updates.

MYOB we offer full set up and training.

For a demonstration or to discuss any of these programs, feel free to contact our staff or email julie.dolan@petersdoig.co.nz

ACC

Workplace Safety Discounts is a great new way to save 10% off the work levy for some small businesses and self employed people who can show sound health and safety practices.

Currently the programme is available in **agriculture, construction, fishing, forestry, motor trades and road transport and waste industry.**

The discount is 10% of the work-related component of your levies. The total amount of the discount will depend on the levies you pay. The discount applies for three tax years from the date your application is accepted, although you'll be required to complete an annual declaration during that time to confirm your details. You'll also be playing a valuable role in keeping injuries out of your workplace.

When will I get the discount?

If you apply during the current levy year the discount applies for the whole levy year, which runs from 1 April to 31 March. If you have already paid your levies during this time, you will receive a refund.

What do I have to do?

To qualify you need to be eligible and show you have capability in health and safety management, which generally means completing a FREE industry-specific training course (typically just one or two days in duration), then returning a correctly completed self-assessment booklet to ACC.

For more information visit the ACC website or telephone 0800 101 996.

KIWISAVER

From 1 April 2009 there will be changes to KiwiSaver:

- The minimum employee contribution rate reduces to 2% of a member's gross pay.
- The compulsory employer contribution increases to 2% - and won't increase further in future years.
- Employer contributions over 2% are no longer tax deductible and will be liable for Employer Superannuation Contribution Tax of 33% due at the same time as PAYE.
- The employer tax credit is removed.

More information on these changes will be sent to employers in mid to late March.

TAX RATES

In 2008/2009 year the company tax rate reduced from 33% to 30%. This will affect not only tax paid on company income but also the amount of imputation credits attached to dividends. No changes for Trusts – still 33%.

INDIVIDUAL INCOME TAX

	Until 31st March	From 1st April
High Rate	39% on earnings above \$70,000 a year	38% on earnings above \$70,000 a year
Mid Rate 33%	Earnings Between \$40,000 & \$70,000 a year	Earnings Between \$48,000 & \$70,000 a year
Low Rate 21%	Earnings Between \$14,000 & \$40,000 a year	Earnings Between \$14,000 & \$48,000 a year
Lowest Rate	12.5% on first \$14,000	12.5% on first \$14,000

ACC EARNER PREMIUM

Rate	1.4% on all annual earnings below \$102,922	1.7% on all annual earnings below \$106,473
Annual Maximum	\$1,440.91	\$1,810.04

NEW TAX CODE

ME & ME SL - Independent Earner Tax Credit (IETC) Code

This new tax code has been introduced to provide \$10 a week tax cut to eligible employees earning less than \$44,000 a year.

From 1st April 2009 this tax code provides \$10 a week rebate if annual income between \$24,000 and \$44,000.

Must be NZ resident for tax purposes, must not be receiving benefit or NZ Super, must not be receiving Student Allowance, must not be receiving Working for Families Tax Credits nor partner.

IRD PENALTY INTEREST

From 1 March 2009, use of money interest rates for underpayments of tax has been reduced from 14.24% to 9.73%. The rate for overpayments goes down from 6.66% to 4.23%.

TAX RECORDS FOLDER

We are now offering a records folder to all clients to enable you to organise your information for us. The grey lever arch folder contains a checklist of information required and tabs to organise that information. This system is to eliminate messy and/or incomplete records which often leads to delays and costs in completing your financial accounts. The price is \$25.00 incl GST.

DONATIONS

Changes have been made to the rebate threshold on donations made by individuals. The threshold has been removed and individuals will be able to claim 33.33% tax rebate for donations, up to a maximum claim equal to their annual taxable income. The changes are effective from the 2008/2009 income year. There is also the removal of the 5% deduction limit on donations made by companies.

FINALLY

We wish all clients a happy and prosperous 2010 financial year ahead.



PLEASE NOTE: This newsletter is only for general information and should not be taken as a substitute for specific advice. Consequently we accept no responsibility to any person who acts on information herein without consultation with us.