

## NEWSLETTER - MARCH 2008

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.

### WEBSITE

During the past year we have developed our own website. There is a lot of information on there which may be of assistance to you - to visit our site go to [www.petersdoig.co.nz](http://www.petersdoig.co.nz)

### 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](mailto:julie.dolan@petersdoig.co.nz)

### ACC

In 2007 ACC reclassified some previously part time self-employed persons as fulltime and changed their category from business administration to (say) farming, plumbing etc. Please check your ACC bills closely, especially wives in partnerships where one partner carries out the administration role.

Please remember to record any 1<sup>st</sup> week you pay an employee on ACC for a work related injury. You do not pay any levies on this amount but you need to advise ACC of the amount for the year.

### KIWISAVER

From 1 April 2008 employers are required to contribute to employee's savings in KiwiSaver schemes. The level of contribution will be phased in over four years, starting at 1% of your employee's gross salary or wage from 1<sup>st</sup> April 2008. You will be able to claim a tax credit for these contributions. Please check your KiwiSaver employer guide or if you require copies please phone IRD's INFOexpress on 0800 257 773.

### COMPANY TAX RATES

From 2008/2009 year the company tax rate will reduce from 33% to 30%. This will affect not only tax paid on company income but also the amount of imputation credits attached to dividends.

### MINIMUM WAGE

From 1 April 2008 the minimum wage for employees aged 16 years and over will rise to \$12.00 an hour before tax, except for new entrants and employees subject to the minimum training wage. That's \$96 for an eight hour day, or \$480 for a 40 hour week.

From 1 April 2008 the training wage will rise to \$9.60 an hour before tax. That's \$76.80 for an eight hour day, and \$384 for a 40 hour week. The training wage applies to people doing recognised industry training involving at least 60 credits a year.

From 1 April 2008 there will no longer be a minimum wage for youth. Instead there will be a new entrant's minimum wage. The new entrant's minimum wage will be \$9.60 an hour before tax on 1 April, 2008. That's \$76.80 for an eight hour day, and \$384 for a 40 hour week. The new entrants' minimum wage will apply to some 16 and 17 year old workers.

### CHANGES TO PROVISIONAL TAX DATES

From 1 April 2008 there will be changes to the payment dates of provisional tax.

#### How many instalments do I need to make?

If you're not registered for GST:

- You will make three instalments, therefore no change to present payments.

If you are registered for GST:

- pay GST six-monthly, you will only need to make two provisional tax instalments
- pay GST every month or every two months and use the standard or estimation options, you will make three provisional tax instalments
- use the Ratio Option; you will make six provisional tax instalments.

### When is it due to be paid?

If you have a standard 31 March balance date, your provisional tax due dates will be:

If two instalments are due:				28 October			7
May							
If three instalments are due:		28 August		15 January			7 May
If six instalments are due	28 June	28 August	28 October	15 January	28 February		7 May

If you have a balance date other than 31 March and you are not registered for GST, your provisional tax payment will be due on the 28th day of the 5th, 9th and 13th months after your balance date.

However, if any of these due dates are for the periods ending:

30 November, your due date is 15 January OR 31 March, your due date is 7 May.

### Ratio Option (This option is only available to customers registered for GST)

If you want to discuss using this option to pay your provisional tax as a percentage of your turnover, please contact us.

### FARMERS & GRAPEGROWERS

There is a threshold of \$58,000 total value of consumables on hand at balance date. If you have (for example) supplementary feed and hay, fertiliser, dips, drenches, animal remedies, sprays and chemicals, fuel, bale wrap, fencing materials etc and the total cost of all of these exceeds \$58,000, you need to include this on the questionnaire we send you at balance date or ensure you advise us of the amount.

We realise this threshold is quite low and lobbying has commenced to have the threshold reviewed.

### HIRING A CONTRACTOR

From 1 April 2006, if you directly hire a contractor for certain pruning, thinning, picking or packing activities; you need to deduct withholding tax from payments to the contractor at a rate of 15 cents in the dollar, unless the contractor has a certificate of exemption or a special tax code certificate. If the contractor has a certificate of exemption - record the contractor's name, start date, and IRD number on your Employer Monthly Schedule. If the contractor doesn't have a certificate of exemption - record the contractor's name, start date, IRD number, the amount of the gross payment and the withholding tax deducted. You should also include the gross withholding payment details in the "Earnings and/or withholding payments not liable for ACC earners' levy" column in your employer monthly schedule. Ask the contractor for an IR 330 (tax code declaration), if this is not completed then deduct tax at the no-declaration rate of 30 cents in the dollar.

### FOREIGN PORTFOLIO INVESTMENT ENTITIES

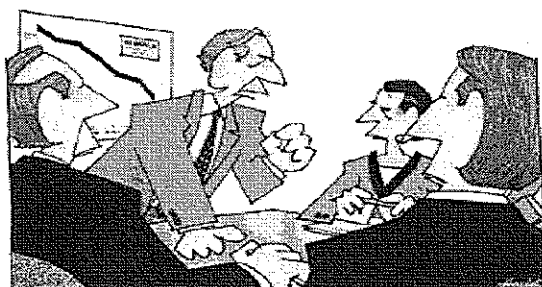
You may have heard the term PIE's - there is no pastry involved but there are new rules for offshore investments. If you have over \$50,000 offshore investments outside Australia then let us know on the client questionnaire. If you are asked to choose a tax rate on your PIE income and your 2006 or 2007 income from sources other than PIE was under \$38,000 then use the 19.5% rate.

### DONATIONS

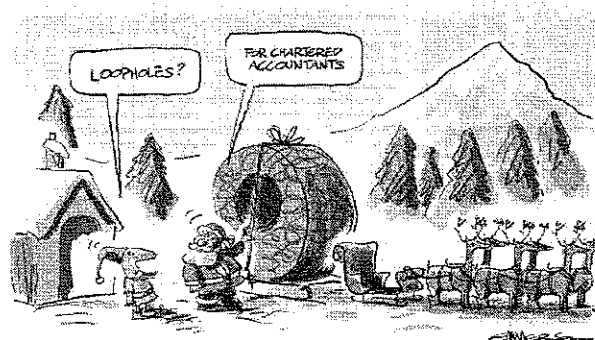
Changes have been made to the rebate threshold on donations made by individuals. The threshold has been removed and individuals will be able to claim 33.33% tax rebate for donations, up to a maximum claim equal to their annual taxable income. The changes are effective from the 2008/2009 income year.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

### FINALLY

We wish all clients a happy and prosperous 2009 financial year ahead.



"Our employees are our greatest asset. I say we sell them."



*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.*